



**Auditor of State  
Betty Montgomery**



**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report .....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	11
Statement of Activities .....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	15
Statement of Revenues, Expenditures, and Changes In Fund Balances – Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – General Fund.....	18
Statement of Net Assets – Proprietary Funds.....	19
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	20
Statement of Cash Flows – Proprietary Funds .....	21
Statement of Fiduciary Net Assets – Fiduciary Funds .....	22
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	23
Notes to the Basic Financial Statements.....	25
Schedule of Federal Awards Expenditures. ....	47
Notes to the Schedule of Federal Awards Expenditures.....	48
Independent Accountants' Report on Compliance and on Internal Control Required By Government Auditing Standards. ....	49
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	51
Schedule of Findings.....	53

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Oak Hills Local School District  
Hamilton County  
6325 Rapid Run Road  
Cincinnati, Ohio 45233

To the Board of Education:

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Oak Hills Local School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2003, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2004, 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.

Management's Discussion and Analysis and respective budgetary comparison for the General Fund are not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Federal Awards Expenditures is presented for 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 basic financial statements. Additionally, the supplemental information listed in the table of contents is presented for purposes of additional analysis and is also not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**Betty Montgomery**  
Auditor of State

March 29, 2004

**OAK HILLS LOCAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Fiscal Year Ended June 30, 2003**  
(Unaudited)

The discussion and analysis of Oak Hills Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information for the prior year, and that the GASB Statement No. 34 permits the omission of the comparative information in the first year of adoption of the new reporting model, the Board has elected to exclude the information in this report. Subsequent reports will include the comparative information.

**Financial Highlights**

Key financial highlights for 2003 are as follows:

- In total, net assets increased \$5.42 million. Net assets of governmental activities increased \$5.51 million which represents a 639% increase from 2002. Net assets of business-type activities decreased \$.09 million or 9.4% from 2002.
- General revenues accounted for \$58.9 million in revenue or 91.1% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5.72 million or 8.9% of total revenues of \$64.62 million.
- Total assets of governmental activities increased by \$7.43 million as taxes receivable increased by \$6.3 million while cash and other receivables increased by \$.07 million.
- The District had \$58.95 million in expenses related to governmental activities; only \$5.72 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$58.9 million were adequate to provide for these programs.
- As the major fund, the General Fund had \$55.74 million in revenues and \$50.38 million in expenditures. The General Fund's balance increased from \$28.13 to \$32.66 million.
- Net assets for Enterprise Funds decreased slightly. This decrease resulted from operating expenses of \$2.42 million exceeding operating income of \$2.19 million and grants of \$.14 million.

## Using this Basic Financial Statement Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statements of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a long-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund is the major fund of the District.

## Reporting the School District as a Whole

### *Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2003?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the *Statement of Net Assets* and the *Statement of Activities*, the District is divided into two distinct kinds of activities:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- Business-Type Activities – These services are provided on a charge for goods or services basis in order to recover all of the expenses of the goods or services provided.

## Reporting the District's Most Significant Funds

### *Fund Financial Statements*

The analysis of the District's major fund is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.



**Governmental Funds** Most of the District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds, and the balances left at year-end which are available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

**Proprietary Funds** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

### The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District’s net assets for 2002 compared to 2003:

Table 1  
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>
<b>Assets</b>						
Current and Other Assets	\$57,909,939	\$64,282,125	\$435,404	\$306,290	\$58,345,343	\$64,588,415
Capital Assets	<u>23,681,004</u>	<u>24,930,793</u>	<u>612,099</u>	<u>707,964</u>	<u>24,293,103</u>	<u>25,638,757</u>
Total Assets	<u>81,590,943</u>	<u>89,212,918</u>	<u>1,047,503</u>	<u>1,014,254</u>	<u>82,638,446</u>	<u>90,227,172</u>
<b>Liabilities</b>						
Long-Term Liabilities	56,228,228	54,858,460	40,373	33,862	56,268,601	54,892,322
Other Liabilities	<u>24,860,378</u>	<u>27,987,531</u>	<u>145,170</u>	<u>121,758</u>	<u>25,005,548</u>	<u>28,109,289</u>
Total Liabilities	<u>81,088,606</u>	<u>82,845,991</u>	<u>185,543</u>	<u>155,620</u>	<u>81,274,149</u>	<u>83,001,611</u>
<b>Net Assets</b>						
Invested in Capital						
Assets Net of Debt	52,191	641,549	612,099	707,964	664,290	1,349,513
Restricted	297,086	3,651,885	0	0	297,086	3,651,885
Unrestricted	<u>153,060</u>	<u>2,073,493</u>	<u>249,861</u>	<u>150,670</u>	<u>402,921</u>	<u>2,224,163</u>
Total Net Assets	<u>\$502,337</u>	<u>\$6,366,927</u>	<u>\$861,960</u>	<u>\$858,634</u>	<u>\$1,364,297</u>	<u>\$7,225,561</u>

Total assets increased \$7.59 million. Equity in pooled cash and cash equivalents increased \$.71 million. Taxes receivable increased \$6.3 million. Total liabilities increased \$1.73 million, resulting in a net asset increase of \$5.42 million.

The net assets of the District business-type activities decreased slightly. Since the decrease was slight, management has reviewed and, where feasible, increased fees. This action should ensure that business-type activities remain self-supporting.

Table 2 shows the change in net assets for fiscal year 2003. Since this is the first year the District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2002 are not available.

Table 2  
Changes in Net Assets

	Governmental Activities <u>2003</u>	Business-Type Activities <u>2003</u>	Total <u>2003</u>
Revenues			
Program Revenues:			
Charges for Services	\$1,988,858	\$2,191,635	\$4,180,493
Operating Grants	3,682,354	133,689	3,816,043
Capital Grants	49,828	0	49,828
General Revenue:			
Property Taxes	29,825,360	0	29,825,360
Grants and Entitlements	23,749,139	0	23,749,139
Other	<u>5,330,135</u>	<u>2,981</u>	<u>5,333,116</u>
Total Revenues	<u>64,625,674</u>	<u>2,328,305</u>	<u>66,953,979</u>
Program Expenses:			
Instruction	33,235,995	0	33,235,995
Support Services:			
Pupil and Instructional Staff	6,389,719	0	6,389,719
General and School Administration, Fiscal and Business	5,132,152	0	5,132,152
Operations and Maintenance	5,783,508	0	5,783,508
Pupil Transportation	1,885,992	0	1,885,992
Central	559,288	0	559,288
Community Services	1,944,073	0	1,944,073
Extracurricular Activities	1,223,506	0	1,223,506
Interest and Fiscal Charges	2,798,869	0	2,798,869
Food Service	0	2,241,983	2,241,983
Uniform School Supply	0	16,609	16,609
Customer Service	<u>0</u>	<u>157,488</u>	<u>157,488</u>
Total Expenses	<u>58,953,102</u>	<u>2,416,080</u>	<u>61,369,182</u>
Change in Net Assets	<u>\$5,672,572</u>	<u>(\$87,775)</u>	<u>\$5,584,797</u>

### Governmental Activities

The District's revenues are mainly from two sources. Property taxes levied for general purposes and grants and entitlements comprised 83% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio Districts dependence upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 46% of revenue for governmental activities for the District in fiscal year 2003.

Instruction comprises 56% of governmental program expenses. Support services expenses were 34% of governmental program expenses. All other expenses and interest expense was 10%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2002 have not been made since they are not available.

Table 3  
Governmental Activities

	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
Instruction	\$33,235,995	\$31,805,177
Support Services:		
Pupil and Instructional Staff	6,389,719	5,092,779
General and School Administration, Fiscal and Business	5,132,152	4,927,418
Operations and Maintenance	5,783,508	5,756,102
Pupil Transportation	1,885,992	1,784,764
Central	559,288	522,596
Community Services	1,944,073	36,354
Extracurricular Activities	1,223,506	508,003
Interest and Fiscal Charges	<u>2,798,869</u>	<u>2,798,869</u>
Total Expenses	<u>\$58,953,102</u>	<u>\$53,232,062</u>

### **Business-Type Activities**

Business-type activities, include the food service operation, the sale of uniform school supplies and customer service. These programs had revenues of \$2.33 million and expenses of \$2.42 million for fiscal year 2003.

### **The District's Funds**

Information about the District's major fund is presented in the Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$65,303,983 and expenditures and other financing uses of \$62,011,704. The net change in fund balance for the year was \$3,292,279 or 10%.

### **General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2003, the District amended its General Fund budget numerous times, however none were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, budget basis revenue was \$52.96 million, above original budget estimates of \$51.98 million. Of this \$.98 million difference, most was due to a conservative estimate for taxes and intergovernmental revenue.

## Capital Assets and Debt Administration

### Capital Assets

At the end of fiscal 2003, the District had \$25.64 million invested in land, buildings, and equipment. Table 4 shows fiscal 2003 balances compared to fiscal 2002:

Table 4  
Capital Assets at June 30  
(Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>	<u>2003</u>
Land	\$2,005,500	\$2,005,500	\$0	\$0	\$2,005,500	\$2,005,500
Construction in Progress	1,330,304	0	0	0	1,330,304	0
Buildings and Improvements	19,341,192	21,631,615	286,473	279,582	19,627,665	21,911,197
Furniture and Equipment	<u>1,362,719</u>	<u>1,293,678</u>	<u>410,075</u>	<u>428,382</u>	<u>1,772,794</u>	<u>1,722,060</u>
Total Net Assets	<u>\$24,039,715</u>	<u>\$24,930,793</u>	<u>\$696,548</u>	<u>\$707,964</u>	<u>\$24,736,263</u>	<u>\$25,638,757</u>

The increase in capital assets is due to \$3.80 million in building and improvements and equipment additions offset by the recognition of \$1.27 million in depreciation. This District continues its ongoing commitment to maintaining and improving its capital assets.

### Debt

At June 30, 2003, the District had \$52,096,757 in bonds, capital leases, notes and loans payable, \$4,331,076 due within one year. Table 5 summarizes outstanding debt at year end.

Table 5  
Outstanding Debt, at Year End

	<u>Governmental Activities 2003</u>	<u>Governmental Activities 2002</u>
Bonds and Notes Payable:		
Oak Hills Building Project	\$4,500,000	\$4,600,000
Oak Hills Building Project	44,085,000	44,740,000
<u>Energy Conservation Note</u>	<u>78,555</u>	<u>208,793</u>
Subtotal Bonds	48,663,555	49,548,793
Capital Leases Payable:		
<u>Computer Lease</u>	<u>133,202</u>	<u>561,256</u>
Subtotal Capital Leases Payable	133,202	561,256
Loan Payable:		
<u>Rickenbacker Port Authority</u>	<u>3,300,000</u>	<u>3,300,000</u>
Subtotal Loan Payable	3,300,000	3,300,000
Total Outstanding Debt at Year End	<u>\$52,096,757</u>	<u>\$53,410,049</u>

## **For the Future**

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither “adequate” nor “equitable”. Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not “equitable” nor “adequate”. The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court’s concerns.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

In addition, the District’s system of budgeting and internal controls is well regarded. All of the District’s financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District’s finances, the District’s management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

## **Contacting the District’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Ron Rabe, Treasurer of Oak Hills Local School District, 6325 Rapid Run Road, Cincinnati, Ohio 45233. Or you may E-mail Mr. Rabe at [rabe\\_r@oakhills.hccanet.org](mailto:rabe_r@oakhills.hccanet.org).

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Oak Hills Local School District  
Statement of Net Assets  
June 30, 2003

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$30,650,962	\$295,198	\$30,946,160
Restricted Cash and Investments	680,716	0	680,716
<b>Receivables:</b>			
Taxes	32,662,233	0	32,662,233
Accounts	73,265	0	73,265
Intergovernmental	214,949	0	214,949
Inventory	0	11,092	11,092
Nondepreciable Capital Assets	2,005,500	0	2,005,500
Depreciable Capital Assets, Net	22,925,293	707,964	23,633,257
<b>Total Assets</b>	<b>89,212,918</b>	<b>1,014,254</b>	<b>90,227,172</b>
<b>Liabilities:</b>			
Accounts Payable	135,072	0	135,072
Accrued Wages and Benefits	5,704,086	120,094	5,824,180
Accrued Interest Payable	219,340	0	219,340
Deferred Revenue	21,929,033	1,664	21,930,697
<b>Long-Term Liabilities:</b>			
Due Within One Year	5,014,569	4,836	5,019,405
Due In More Than One Year	49,843,891	29,026	49,872,917
<b>Total Liabilities</b>	<b>82,845,991</b>	<b>155,620</b>	<b>83,001,611</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	641,549	707,964	1,349,513
<b>Restricted for:</b>			
Debt Service	2,671,198	0	2,671,198
Capital Projects	299,657	0	299,657
Set-Aside	681,030	0	681,030
Unrestricted	2,073,493	150,670	2,224,163
<b>Total Net Assets</b>	<b>\$6,366,927</b>	<b>\$858,634</b>	<b>\$7,225,561</b>

See accompanying notes.

Oak Hills Local School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2003

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$27,695,744	\$870,203	\$123,275	\$0
Special	5,535,154	0	326,358	0
Vocational	5,097	0	0	0
Other	0	0	110,982	0
<b>Support Services:</b>				
Pupil	3,271,709	324,191	198,449	0
Instructional Staff	3,118,010	155	774,145	0
General Administration	148,815	0	0	0
School Administration	3,811,906	0	204,734	0
Fiscal	933,423	0	0	0
Business	238,008	0	0	0
Operations and Maintenance	5,950,199	27,406	0	0
Pupil Transportation	1,885,992	51,400	0	49,828
Central	559,288	0	36,692	0
Community Services	1,944,073	0	1,907,719	0
Extracurricular Activities	1,223,506	715,503	0	0
Interest and Fiscal Charges	2,798,869	0	0	0
<b>Total Governmental Activities</b>	<b>59,119,793</b>	<b>1,988,858</b>	<b>3,682,354</b>	<b>49,828</b>
<b>Business-Type Activities:</b>				
Food Service	2,241,983	2,020,807	116,909	0
Uniform School Supply	16,609	18,021	0	0
Customer Service	157,488	152,807	16,780	0
<b>Total Business-Type Activities</b>	<b>2,416,080</b>	<b>2,191,635</b>	<b>133,689</b>	<b>0</b>
<b>Totals</b>	<b>\$61,535,873</b>	<b>\$4,180,493</b>	<b>\$3,816,043</b>	<b>\$49,828</b>

General Revenues:  
Property Taxes Levied for:  
    General Purposes  
    Debt Service  
Grants and Entitlements not Restricted to Specific Programs  
Payment in Lieu of Taxes  
Unrestricted Contributions  
Investment Earnings  
Refunds & Reimbursements  
Other Revenues  
  
Total General Revenues  
  
Change in Net Assets  
  
Net Assets Beginning of Year  
  
Net Assets End of Year

See accompanying notes.



Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-Type Activities	Total
(\$26,702,266)	\$0	(\$26,702,266)
(5,208,796)	0	(5,208,796)
(5,097)	0	(5,097)
110,982	0	110,982
(2,749,069)	0	(2,749,069)
(2,343,710)	0	(2,343,710)
(148,815)	0	(148,815)
(3,607,172)	0	(3,607,172)
(933,423)	0	(933,423)
(238,008)	0	(238,008)
(5,922,793)	0	(5,922,793)
(1,784,764)	0	(1,784,764)
(522,596)	0	(522,596)
(36,354)	0	(36,354)
(508,003)	0	(508,003)
(2,798,869)	0	(2,798,869)
<u>(53,398,753)</u>	<u>0</u>	<u>(53,398,753)</u>
0	(104,267)	(104,267)
0	1,412	1,412
<u>0</u>	<u>12,099</u>	<u>12,099</u>
<u>0</u>	<u>(90,756)</u>	<u>(90,756)</u>
<u>(\$53,398,753)</u>	<u>(\$90,756)</u>	<u>(\$53,489,509)</u>
29,423,360	0	29,423,360
402,000	0	402,000
23,749,139	0	23,749,139
3,956,540	0	3,956,540
231,466	0	231,466
581,042	2,931	583,973
92,957	0	92,957
468,130	50	468,180
<u>58,904,634</u>	<u>2,981</u>	<u>58,907,615</u>
5,505,881	(87,775)	5,418,106
<u>861,046</u>	<u>946,409</u>	<u>1,807,455</u>
<u>\$6,366,927</u>	<u>\$858,634</u>	<u>\$7,225,561</u>

Oak Hills Local School District  
Balance Sheet  
Governmental Funds  
June 30, 2003

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$28,066,499	\$2,584,463	\$30,650,962
Restricted Cash and Investments	680,716	0	680,716
<b>Receivables:</b>			
Taxes	28,760,027	3,902,206	32,662,233
Accounts	55,844	17,421	73,265
Intergovernmental	0	214,949	214,949
Interfund	147,119	0	147,119
<b>Total Assets</b>	<b>57,710,205</b>	<b>6,719,039</b>	<b>64,429,244</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable	128,800	6,272	135,072
Accrued Wages and Benefits	5,356,420	92,007	5,448,427
Compensated Absences	159,256	6,427	165,683
Interfund Payable	0	147,119	147,119
Deferred Revenue	19,405,627	2,738,355	22,143,982
<b>Total Liabilities</b>	<b>25,050,103</b>	<b>2,990,180</b>	<b>28,040,283</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	346,220	340,931	687,151
Reserved for Property Tax Advances	9,354,400	1,378,800	10,733,200
Reserved for Set-Aside	680,716	0	680,716
<b>Unreserved, Undesignated, Reported in:</b>			
General Fund	22,278,766	0	22,278,766
Special Revenue Funds	0	323,546	323,546
Debt Service Funds	0	1,511,738	1,511,738
Capital Projects Funds	0	173,844	173,844
<b>Total Fund Balances</b>	<b>32,660,102</b>	<b>3,728,859</b>	<b>36,388,961</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$57,710,205</b>	<b>\$6,719,039</b>	<b>\$64,429,244</b>

See accompanying notes.

Oak Hills Local School District  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 June 30, 2003

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Total Governmental Fund Balance	\$36,388,961
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	24,930,793
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	214,949
In the statement of net assets, interest is accrued, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.	(219,340)
Some liabilities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.	(2,851,679)
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.	<u>(52,096,757)</u>
Net Assets of Governmental Activities	<u><u>\$6,366,927</u></u>

See accompanying notes.

Oak Hills Local School District  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2003

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$26,093,891	\$3,731,469	\$29,825,360
Tuition and Fees	956,268	0	956,268
Investment Earnings	571,814	9,228	581,042
Intergovernmental	23,554,926	3,826,822	27,381,748
Extracurricular Activities	200,369	839,460	1,039,829
Other Revenues	4,368,593	281,429	4,650,022
<b>Total Revenues</b>	<b>55,745,861</b>	<b>8,688,408</b>	<b>64,434,269</b>
Expenditures:			
Current:			
Instruction:			
Regular	26,908,318	203,514	27,111,832
Special	5,200,552	324,550	5,525,102
Vocational	5,097	0	5,097
Support Services:			
Pupil	2,661,478	591,486	3,252,964
Instructional Staff	2,345,842	694,810	3,040,652
General Administration	148,815	0	148,815
School Administration	3,577,601	193,271	3,770,872
Fiscal	871,442	43,423	914,865
Business	234,250	0	234,250
Operations and Maintenance	4,778,801	1,850,207	6,629,008
Pupil Transportation	1,871,419	0	1,871,419
Central	511,771	38,906	550,677
Community Services	36,768	1,902,292	1,939,060
Extracurricular Activities	644,235	680,066	1,324,301
Capital Outlay	584,428	129,691	714,119
Debt Service:			
Principal Retirement	0	1,313,292	1,313,292
Interest and Fiscal Charges	0	2,804,915	2,804,915
<b>Total Expenditures</b>	<b>50,380,817</b>	<b>10,770,423</b>	<b>61,151,240</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>5,365,044</b>	<b>(2,082,015)</b>	<b>3,283,029</b>
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	9,175	75	9,250
Transfers In	12	860,452	860,464
Transfers (Out)	(847,795)	(12,669)	(860,464)
<b>Total Other Financing Sources (Uses)</b>	<b>(838,608)</b>	<b>847,858</b>	<b>9,250</b>
<b>Net Change in Fund Balance</b>	<b>4,526,436</b>	<b>(1,234,157)</b>	<b>3,292,279</b>
<b>Fund Balance Beginning of Year</b>	<b>28,133,666</b>	<b>4,963,016</b>	<b>33,096,682</b>
<b>Fund Balance End of Year</b>	<b>\$32,660,102</b>	<b>\$3,728,859</b>	<b>\$36,388,961</b>

See accompanying notes.

Oak Hills Local School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2003

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Net Change in Fund Balance - Total Governmental Funds	\$3,292,279
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	891,078
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	182,155
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	1,313,292
In the statement of activities, interest is accrued, whereas in governmental funds, an interest expenditure is reported when due.	6,046
Some expenses reported in the statement of activities, such as compensated absences and accrued benefits, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(178,969)
Change in Net Assets of Governmental Activities	<u>\$5,505,881</u>

See accompanying notes.

Oak Hills Local School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2003

	General Fund			Variance from Final Budget
	Original Budget	Final Budget	Actual	
Revenues:				
Taxes	\$22,907,778	\$23,339,690	\$23,339,690	\$0
Tuition and Fees	930,769	948,318	948,318	0
Interest	559,656	570,208	570,208	0
Intergovernmental	23,119,030	23,554,926	23,554,926	0
Extracurricular Activities	193,275	196,919	196,919	0
Other Revenues	4,267,716	4,348,181	4,348,181	0
<b>Total Revenues</b>	<b>51,978,224</b>	<b>52,958,242</b>	<b>52,958,242</b>	<b>0</b>
Expenditures:				
Current:				
Instruction:				
Regular	26,759,364	26,699,899	26,699,899	0
Special	5,117,071	5,105,700	5,105,700	0
Vocational	5,108	5,097	5,097	0
Support Services:				
Pupil	2,597,358	2,591,586	2,591,586	0
Instructional Staff	2,474,790	2,469,291	2,469,291	0
General Administration	149,880	149,547	149,547	0
School Administration	3,740,922	3,732,609	3,732,609	0
Fiscal	910,258	908,235	908,235	0
Business	243,656	243,115	243,115	0
Operations and Maintenance	5,151,086	5,139,639	5,139,639	0
Pupil Transportation	1,935,917	1,931,615	1,931,615	0
Central	506,498	505,372	505,372	0
Community Services	27,255	27,194	27,194	0
Extracurricular Activities	660,670	659,202	659,202	0
Capital Outlay	790,206	788,450	788,450	0
<b>Total Expenditures</b>	<b>51,070,039</b>	<b>50,956,551</b>	<b>50,956,551</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	908,185	2,001,691	2,001,691	0
Other financing sources (uses):				
Proceeds from Sale of Fixed Assets	9,005	9,175	9,175	0
Advances In	12,759	13,000	13,000	0
Advances (Out)	(147,447)	(147,119)	(147,119)	0
Transfers In	12	12	12	0
Transfers (Out)	(849,672)	(847,784)	(847,784)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(975,343)</b>	<b>(972,716)</b>	<b>(972,716)</b>	<b>0</b>
Net Change in Fund Balance	(67,158)	1,028,975	1,028,975	0
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	27,213,069	27,213,069	27,213,069	0
<b>Fund Balance End of Year</b>	<b>\$27,145,911</b>	<b>\$28,242,044</b>	<b>\$28,242,044</b>	<b>\$0</b>

Oak Hills Local School District  
Statement of Net Assets  
Proprietary Funds  
June 30, 2003

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	Business-Type Activity Enterprise Funds
Assets:	
Equity in Pooled Cash and Investments	\$295,198
Inventory	11,092
Total Current Assets	<u>306,290</u>
Depreciable Capital Assets, Net	<u>707,964</u>
Total Assets	<u>1,014,254</u>
Liabilities:	
Current Liabilities:	
Accrued Wages and Benefits	120,094
Compensated Absences	4,836
Deferred Revenue	1,664
Total Current Liabilities	<u>126,594</u>
Long-Term Liabilities:	
Compensated Absences	<u>29,026</u>
Total Liabilities	<u>155,620</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	707,964
Unrestricted	150,670
Total Net Assets	<u><u>\$858,634</u></u>

See accompanying notes.

Oak Hills Local School District  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2003

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	Business-Type Activity Enterprise Funds
Operating Revenues:	
Sales	\$2,020,807
Tuition and Fees	150,588
Charges for Services	20,240
Other Revenues	50
	<hr/>
Total Operating Revenues	2,191,685
	<hr/>
Operating Expenses:	
Personal Services	1,291,680
Contactual Services	36,198
Materials and Supplies	1,022,958
Depreciation	62,125
Other Expenses	3,119
	<hr/>
Total Operating Expenses	2,416,080
	<hr/>
Operating Income (Loss)	(224,395)
	<hr/>
Non-Operating Revenues (Expenses):	
Investment Earnings	2,931
Donated Commodities	21,138
Operating Grants	112,551
	<hr/>
Total Non-Operating Revenues (Expenses)	136,620
	<hr/>
Income (Loss) Before Contributions & Transfers	(87,775)
	<hr/>
Change in Net Assets	(87,775)
	<hr/>
Net Assets Beginning of Year	946,409
	<hr/>
Net Assets End of Year	\$858,634
	<hr/> <hr/>

See accompanying notes.



Oak Hills Local School District  
Statement of Cash Flows  
Proprietary Funds  
For the Fiscal Year Ended June 30, 2003

	Business-Type Activity Enterprise Funds
Cash Flows from Operating Activities:	
Cash Received from Customers	\$2,191,685
Cash Payments to Employees	(1,383,492)
Cash Payments to Suppliers	(975,420)
Other Cash Payments	(3,119)
	<u>(170,346)</u>
Net Cash Provided (Used) by Operating Activities	
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	112,551
	<u>112,551</u>
Net Cash Provided (Used) by Noncapital Financing Activities	
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(73,541)
	<u>(73,541)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(73,541)</u>
Cash Flows from Investing Activities:	
Earnings on Investments	2,931
	<u>2,931</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	
	<u>2,931</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(128,405)
Cash and Cash Equivalents Beginning of Year	423,603
	<u>423,603</u>
Cash and Cash Equivalents End of Year	<u>\$295,198</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(\$224,395)
Adjustments:	
Depreciation	62,125
Donated Commodities	21,138
Changes in Assets & Liabilities:	
(Increase) Decrease in Inventory	709
Increase (Decrease) in Payables	(1,099)
Increase (Decrease) in Accrued Liabilities	(19,260)
Increase (Decrease) in Deferred Revenue	(9,564)
	<u>(9,564)</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$170,346)</u>
Schedule of Noncash Capital Activities:	
During the fiscal year, the Food Service Fund received contributed food commodities valued at	\$21,138

See accompanying notes.

Oak Hills Local School District  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2003

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	Private Purpose Trust	Agency
	<u>                    </u>	<u>                    </u>
Assets:		
Equity in Pooled Cash and Investments	\$1,023,732	\$67,078
Accounts Receivable	2,000	25
	<u>                    </u>	<u>                    </u>
Total Assets	<u>1,025,732</u>	<u>\$67,103</u>
Liabilities:		
Other Liabilities	<u>0</u>	<u>67,103</u>
Total Liabilities	<u>0</u>	<u>\$67,103</u>
Net Assets:		
Held in Trust for Scholarships	<u>1,025,732</u>	
Total Net Assets	<u>\$1,025,732</u>	

See accompanying notes.

Oak Hills Local School District  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2003

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	Private Purpose Trust
Additions:	
Investment Earnings	\$26,080
Other	31,620
	<hr/>
Total Additions	57,700
	<hr/>
Deductions:	
Scholarships	69,825
	<hr/>
Total Deductions	69,825
	<hr/>
Change in Net Assets	(12,125)
	<hr/>
Net Assets Beginning of Year	1,037,857
	<hr/>
Net Assets End of Year	\$1,025,732
	<hr/> <hr/>

See accompanying notes.

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**OAK HILLS LOCAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003**

**1. DESCRIPTION OF THE DISTRICT**

The Oak Hills Local School District (“the District”) represents a prior consolidation of three elementary districts: Bridgetown, Delhi and Springmyer. The consolidation was finalized by the Hamilton County Board of Education on April 23, 1956, in order to equalize educational opportunities throughout the area. Today, the District operates under current standards as prescribed by the Ohio State Board of Education, as provided in Division (D) of Section 3301.07 and Section 110.01 of the Ohio Revised Code.

The District operates under a locally elected five-member board form of government and provides educational services. The Board controls the District’s instructional programs and support facilities, staffed by 514 certificated teaching and administrative personnel and 328 non-certificated personnel. To provide services to the adult population in the community, Oak Hills has developed one of the largest community education programs in Hamilton County, Ohio.

The District is the third largest in Hamilton County and is 26<sup>th</sup> largest of all 616 districts in Ohio in terms of student enrollment, with 8,102 students for the 2002-03 school year. The District currently operates five (5) elementary schools (grades K-5), three (3) middle schools (grades 6-8), and one (1) comprehensive high school (grades 9-12).

**REPORTING ENTITY**

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

**2. 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 also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. For business-type activities and proprietary funds, the District has elected not to follow subsequent private-sector guidance. The most significant of the District’s accounting policies are described below.

**OAK HILLS LOCAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**  
**(Continued)**

**MEASUREMENT FOCUS**

**Government-wide Financial Statements**

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary Funds are reported using the economic resources measurement focus.

**OAK HILLS LOCAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**  
**(Continued)**

**FUND ACCOUNTING**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

**Governmental Funds**

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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

**Proprietary Fund**

Proprietary fund reporting focuses on the determination of operating income changes in net assets, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the District has no internal service funds.

Enterprise Funds – The enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only trust fund is a private purpose trust which accounts for scholarship programs for students.

**OAK HILLS LOCAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**  
**(Continued)**

**3. BASIS OF ACCOUNTING**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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 fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included 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 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.



**OAK HILLS LOCAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**  
**(Continued)**

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are 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. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**CASH AND CASH EQUIVALENTS**

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “equity in pooled cash and investments” on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2003. STAR Ohio is an investment pool managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule2A7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on June 30, 2003.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2003 amounted to \$583,973.

For purposes of the statement of cash flows, the Enterprise Funds’ portion of pooled cash and investments is considered a cash equivalent because the District is able to withdraw resources from the enterprise funds without prior notice or penalty.

**OAK HILLS LOCAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003  
(Continued)**

**INVENTORY**

On government-wide and enterprise fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

The cost of inventory items is recorded as an expense when purchased. In the fund financial statements, inventories of the enterprise funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**CAPITAL ASSETS**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). In prior years, the capitalization threshold was one thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings and Improvements	20 years	N/A
Furniture and Equipment	5-20 years	5-20 years

**COMPENSATED ABSENCES**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

**OAK HILLS LOCAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003  
(Continued)**

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the expenditures for unpaid compensated absences are recognized when due. The related liability is recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The entire amount of compensated absences is reported as a fund liability in Proprietary Funds.

The District's policies regarding compensated absences are determined by the 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	25 days at the start of each contract year	5-20 days for each service year, depending on length of service
Maximum Accumulation	Not Applicable	37.5 days; can be paid for 5 days at year end	30 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	252 days	300 days	247 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per contract	Per contract	Per contract

**NET ASSETS**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations

**OAK HILLS LOCAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003  
(Continued)**

imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service, adult education and community school. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**INTERFUND ACTIVITY**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**FUND EQUITY**

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, budgetary set-asides and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

**CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2003, the School District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

**OAK HILLS LOCAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003  
(Continued)**

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparisons for the general and each major special revenue fund. The government-wide financial statements split the District's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the Enterprise Funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2003.

**RESTATEMENT OF FUND BALANCE**

The implementation of these statements had the following effects on fund balance of the major and non-major funds of the District as they were previously reported. The transition from governmental fund balances to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2002	\$28,096,442	\$4,963,018	\$33,059,460
Fund Reclassification	<u>37,224</u>	<u>(2)</u>	<u>37,222</u>
Adjusted Fund Balances, June 30, 2002	<u>\$28,133,666</u>	<u>\$4,963,016</u>	\$33,096,682
GASB 34 Adjustments:			
Capital Assets			\$24,039,715
Accrued Interest Payable			(225,386)
Compensated Absences Payable			(2,383,064)
Deferred Revenue			32,794
Accrued Wages and Benefits			(289,646)
Long Term Liabilities			<u>(53,410,049)</u>
Governmental Activities Net Assets, June 30, 2002			<u>\$861,046</u>

At June 30, 2002, fixed assets were restated in the Enterprise Funds. This restatement had the following effect on fund equity as it was previously reported:

	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Adult Education</u>	<u>Total</u>
Fund Equity June 30, 2002	\$740,614	\$1,980	\$119,366	\$861,960
Fixed Assets	<u>84,449</u>	<u>0</u>	<u>0</u>	<u>84,449</u>
Adjusted Net Assets, June 30, 2002	<u>\$825,063</u>	<u>\$1,980</u>	<u>\$119,366</u>	<u>\$946,409</u>

**OAK HILLS LOCAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**  
**(Continued)**

**4. CASH AND CASH EQUIVALENTS**

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 "Cash and cash equivalents."

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.

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) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) Repurchase agreements in the securities enumerated above.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.

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

**OAK HILLS LOCAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003  
(Continued)**

within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits – At the year end, the carrying amount of the District's deposits was \$3,768,942. The bank balance of deposits was \$3,754,243 of which \$200,000 was covered by federal depository insurance. The remaining balance of \$3,554,243 was covered by 110% public depository pool, which was collateralized with securities held by the pledging financial institution's trust department but not in the District's name.

Investments – The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end (GASB Statement 3):

Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its 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:

<u>Description</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Amount/ Fair Value</u>
Repurchase Agreement	\$0	\$0	\$3,575,722	\$3,575,722
Federal Agency Security	0	0	12,015,208	12,015,208
State Treasury Pool*	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,357,814</u>
Total Investments	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$15,590,930</u></u>	<u><u>\$28,948,744</u></u>

\*The District's Investment in the Ohio State Treasury Pool is not categorized because it is not evidenced by securities that exist in physical or book entry form.

**OAK HILLS LOCAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**  
**(Continued)**

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of 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 all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

**5. PROPERTY TAXES**

Real property taxes collected in 2003 were levied in April on the assessed values as of January 1, 2002, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update ever third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined). In 2003, 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 2003, 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 became measurable at June 30, 2003. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2003 on the fund financial statements. The entire amount of delinquent taxes receivable is recognized as revenue in the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available 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, 2003, was \$9,354,400 for General Fund and \$1,378,800 for Debt Service, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2003 operations. The amount available for advance at June 30, 2002 was \$6,600,200 for General Fund and \$976,800 for Debt Service, with a corresponding reserve to fund balance since the Board did not appropriate those receivables for fiscal year 2002 operations.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2003 taxes were collected are:



**OAK HILLS LOCAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003  
(Continued)**

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$1,019,868,200
Public Utility Personal	34,224,700
Tangible Personal Property	<u>28,636,340</u>
<b>Total</b>	<b><u>\$1,082,729,240</u></b>

**6. RECEIVABLES**

Receivables at June 30, 2003, consisted of taxes, accounts (rent and student fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

**7. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
<b>Government Activities</b>				
Land	\$2,005,500	\$0	\$0	\$2,005,500
Buildings and Improvements	29,807,598	3,604,114	366,310	33,045,402
Furniture and Equipment	3,679,197	194,054	0	3,873,251
Construction in Progress	<u>1,330,304</u>	<u>0</u>	<u>1,330,304</u>	<u>0</u>
<b>Totals at Historical Cost</b>	<b><u>\$36,822,599</u></b>	<b><u>\$3,798,168</u></b>	<b><u>\$1,696,614</u></b>	<b><u>\$38,924,153</u></b>
Less Accumulated Depreciation:				
Buildings and Improvements	\$10,466,406	\$947,381	\$0	\$11,413,787
Furniture and Equipment	<u>2,316,478</u>	<u>263,095</u>	<u>0</u>	<u>2,579,573</u>
<b>Total Accumulated Depreciation</b>	<b><u>\$12,782,884</u></b>	<b><u>\$1,210,476</u></b>	<b><u>\$0</u></b>	<b><u>\$13,993,360</u></b>
<b>Governmental Activities Capital Assets, Net</b>	<b><u>\$24,039,715</u></b>	<b><u>\$2,587,692</u></b>	<b><u>\$1,696,614</u></b>	<b><u>\$24,930,793</u></b>
<b>Business-Type Activities</b>				
Buildings and Improvements	\$443,696	\$0	\$0	\$443,696
Furniture and Equipment	<u>862,863</u>	<u>73,541</u>	<u>0</u>	<u>936,404</u>
<b>Total at Historical Cost</b>	<b><u>\$1,306,559</u></b>	<b><u>\$73,541</u></b>	<b><u>\$0</u></b>	<b><u>\$1,380,100</u></b>

**OAK HILLS LOCAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**  
**(Continued)**

Less Accumulated Depreciation:

Buildings and Improvements	\$157,223	\$6,891	\$0	\$164,114
Furniture and Equipment	<u>452,788</u>	<u>55,234</u>	<u>0</u>	<u>508,022</u>
Total Accumulated Depreciation	<u>\$610,011</u>	<u>\$62,125</u>	<u>\$0</u>	<u>\$672,136</u>
Business-Type Activities				
Capital Assets, Net	<u>\$696,548</u>	<u>\$11,416</u>	<u>\$0</u>	<u>\$707,964</u>

\*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$556,516
Special	32,422
Support Services:	
Pupil	845
Instructional Staff	51,715
School Administration	15,561
Fiscal	12,309
Operations and Maintenance	264,606
Pupil Transportation	127,921
Central	8,008
Community Services	5,349
Extracurricular Activities	<u>135,225</u>
Total Depreciation Expense	<u>\$1,210,477</u>

**OAK HILLS LOCAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**  
**(Continued)**

**8. LONG-TERM LIABILITIES**

	<u>Beginning Principal Outstanding</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Principal Outstanding</u>	<u>Due In One Year</u>
<u>Governmental Activities:</u>					
General Obligation Bonds and Notes:					
Oak Hills Building Project I 5.59%	\$4,600,000	\$ 0	\$ 100,000	\$4,500,000	\$100,000
Oak Hills Building Project II 5.42%	44,740,000	0	655,000	44,085,000	780,000
Energy Conservation Note 4.37%	<u>208,793</u>	<u>0</u>	<u>130,238</u>	<u>78,555</u>	<u>78,555</u>
Total General Obligation Bonds and Notes	49,548,793	0	885,238	48,663,555	958,555
Compensated Absences	2,818,179	0	56,476	2,761,703	683,493
Capital Leases	561,256	0	428,054	133,202	72,521
Loan Payable	<u>3,300,000</u>	<u>0</u>	<u>0</u>	<u>3,300,000</u>	<u>3,300,000</u>
Total Governmental Activities Long-Term Liabilities	<u>\$56,228,228</u>	<u>\$ 0</u>	<u>\$1,369,768</u>	<u>\$54,858,460</u>	<u>\$5,014,569</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$33,445</u>	<u>\$417</u>	<u>\$ 0</u>	<u>\$33,862</u>	<u>\$4,835</u>

General obligation bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid. Capital lease obligations will be paid from the general fund.

Principal and interest requirements to retire general obligation debt and notes outstanding at year end are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$958,555	\$2,657,772	\$3,616,327
2005	1,030,000	2,608,918	3,638,918
2006	1,175,000	2,556,753	3,731,753
2007	1,350,000	2,497,121	3,847,121
2008	1,530,000	2,421,986	3,951,986
2009-2013	5,970,000	10,829,017	16,799,017
2014-2018	9,170,000	8,644,667	17,814,667
2019-2023	14,905,000	5,385,041	20,290,041
2024-2026	<u>12,575,000</u>	<u>1,010,340</u>	<u>13,585,340</u>
Totals	<u>\$48,663,555</u>	<u>\$38,611,615</u>	<u>\$87,275,170</u>

**OAK HILLS LOCAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**  
**(Continued)**

**9. LEASES**

**CAPITAL LEASES**

The District has a capital lease for June 30, 2003 for computers.

The leases for the computers meet the criteria of capital lease as defined by statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Capital lease payments for the high school and elementary will be made from the General fund and lease payments for the phone system will be made from the Permanent Improvement Fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

Fiscal Year <u>Ending June 30,</u>	Long-Term <u>Debt</u>
2004	\$72,521
2005	<u>72,521</u>
Total Minimum Lease Payments	145,042
Less: Amount Representing Interest	<u>(11,840)</u>
Present Value of Minimum Lease Payments	<u>\$133,202</u>

**10. LOAN PAYABLE**

During the fiscal year 2002, the District entered into a \$3.3 million loan payable to the Rickenbacker Port Authority, Ohio, (the Port Authority). The proceeds of the loan were used for the various capital asset acquisitions. The District has capitalized buildings and were related to the loan.

The loan document refers to the transaction as a lease-purchase agreement, but the substance of the transaction is in the nature of a loan. The loan was made by the Port Authority to the District as the result of the Port Authority's issuance of bonds, the proceeds of which were made available to numerous public school districts in Ohio to assist in the financing and re-financing of permanent improvements and was sponsored by the Ohio School Board Association Expanded Asset Pooled Financing Program. The following is a schedule of future required minimum loan payments using an imputed interest rate:

Fiscal Year <u>Ending</u>	<u>Payments</u>
2004	<u>\$3,437,182</u>
Total Loan Payments	\$3,437,182
Less Amount Representing Interest and Executory Costs	<u>137,182</u>
June 30, 2003 Loan Liability	<u>\$3,300,000</u>

**OAK HILLS LOCAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**  
**(Continued)**

**11. DEFINED BENEFIT PENSION PLANS**

**SCHOOL EMPLOYEES RETIREMENT SYSTEM**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17% of annual covered salary was the portion being used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$1,051,020, \$986,508, and \$909,582 respectively; 47.2% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001. \$555,024 represents the unpaid contribution for fiscal year 2003.

**STATE TEACHERS RETIREMENT SYSTEM**

The District participates in State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless

**OAK HILLS LOCAL SCHOOL DISTRICT**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2003**  
**(Continued)**

they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3% of their annual covered salaries. The District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2003, 2002, and 2001 were \$3,969,336, \$3,866,580, and \$3,667,212 respectively; 83.3% has been contributed for fiscal year 2003 and 100% for fiscal year 2002 and 2001. \$661,412 represents the unpaid contribution for fiscal year 2003.

## **12. POST EMPLOYMENT BENEFITS**

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

For STRS, all benefit recipients are required to pay a portion of 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 Board currently allocates employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$1,275,858 during the 2003 fiscal year. As of July 1, 2003, eligible benefit recipients totaled 105,300. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000.

**OAK HILLS LOCAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003  
(Continued)**

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, 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 2002 fiscal year, employer contributions to fund health care benefits were 8.54% of covered payroll. 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 fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$641,122 during the 2003 fiscal year. The number of participants currently receiving health care benefits is approximately 50,000. For the fiscal year ended June 30, 2002, net health care costs paid by SERS were \$182,946,777.

**13. CONTINGENT LIABILITIES**

**GRANTS**

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

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2003.

**LITIGATION**

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

**14. JOINTLY GOVERNED ORGANIZATIONS**

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

**OAK HILLS LOCAL SCHOOL DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2003  
 (Continued)**

The District is a participant in the Hamilton/Clermont Cooperative Association (HCCA) which is a computer consortium A-site used by the District. HCCA is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of the School consists of one representative from each of the participating members. The degree of control exercised by any participating district is limited to its representation on the board.

**15. 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. The District carries insurance coverage with the following companies.

<u>Coverage</u>	<u>Company</u>
Automobile	UTICA National
Property	UTICA National
General Liability	UTICA National

Limits and deductible amounts for the above policies vary accordingly.

<u>Coverage</u>	<u>Limits</u>	<u>Deductible</u>
Automobile	\$1,000,000 each occurrence	\$100 collision
Property	\$57,617,900 blanket coverage	\$1,000 each loss
General Liability	\$2,000,000 general aggregate	

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

**16. STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.



**OAK HILLS LOCAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003  
(Continued)**

**17. ACCOUNTABILITY**

The following individual funds had a deficit in fund balance /net assets at year end:

<u>Fund</u>	<u>Deficit</u>
Special Revenue Fund:	
Title I	\$24,873
Drug-Free Schools	17,522
IDEA Preschool Grant	2,961
Improving Teacher Quality	19,471
Miscellaneous Federal Grants	1,602
Enterprise Fund:	
Food Service	6,040

**18. FUND BALANCE RESERVES FOR SET-ASIDES**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

For fiscal year ended June 30, 2003, the School District was no longer required to set aside funds in the budget reserve set-aside, with the exception of refund monies received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and capital acquisition. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2002	\$ 0	\$ 0	\$680,716
Current Year Set-aside Requirement	1,073,594	1,073,594	0
Qualified Disbursements	(1,479,358)	(1,073,594)	0
Current Year Offsets	<u>0</u>	<u>0</u>	<u>0</u>
Set-Aside Reserve Balance as of June 30, 2003	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$680,716</u>
Restricted Cash as of June 30, 2003	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$680,716</u>
Carried Forward to FY 2004	<u>(\$405,764)</u>	<u>\$ 0</u>	<u>\$ 0</u>

Qualifying disbursements for capital activity during the year exceeded the amount required for the set-aside. Qualifying disbursements and carryover from prior years for textbooks totaled \$1,479,358, resulting in \$405,764 for carryover to offset textbook requirements in future years.

**OAK HILLS LOCAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2003  
(Continued)**

**19. INTERFUND TRANSACTIONS**

Interfund transactions at June 30, 2003, consisted of the following individual fund receivables and payables:

	Interfund Loan <u>Receivable</u>	Interfund Loan <u>Payable</u>
General Fund	\$147,119	
Special Revenue Fund:		
Special Education		\$28,220
Title I		30,000
Title VI		2,500
Drug-Free Schools		24,308
IDEA Preschool Grant		1,400
Improving Teacher Quality		57,500
Miscellaneous Federal Grants	_____	<u>3,191</u>
	<u>\$147,119</u>	<u>\$147,119</u>

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Commodity Distribution	05-PU	10.550	\$0	\$21,138	\$0	\$21,138
National School Lunch Program	04-PU	10.555	45,735	0	45,735	0
School Breakfast Program	05-PU	10.553	5,758	0	5,758	0
Special Milk Program	02-PU	10.556	42,287	0	42,287	0
Total Child Nutrition Cluster			93,780	21,138	93,780	21,138
<b>Total U.S. Department of Agriculture</b>			<b>93,780</b>	<b>21,138</b>	<b>93,780</b>	<b>21,138</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (Title VI-B)	6B-ST	84.027	863,704	0	826,604	0
Special Education - Preschool Grant	PG-S1 & PG-SC	84.173	22,336	0	27,554	0
Total Special Education Cluster			886,040	0	854,158	0
Grants to Local Educational Agencies (Title I)	C1-S1	84.010	262,829	0	299,757	0
Safe and Drug-Free Schools and Communities: State	DR-S1	84.186	33,930	0	60,763	0
Innovative Education Program Strategies (Title VI)	C2-S1	84.298	68,705	0	87,197	0
Enhancing Education Through Technology Grants	n/a	84.318	4,314	0	7,412	0
Classroom Size Reduction (Title VI R)	CR-S1	84.340	37,189	0	42,563	0
I Eisenhower Professional Development State Grants	MS-S1	84.281	0	0	24,527	0
State Improvement Grant - Children with Disabilities	n/a	84.323	22,500	0	1,324	0
School Renovation, IDEA and Technology	n/a	84.343	53,807	0	53,629	0
Comprehensive School Reform Demonstration Grant	RF-S1	84.332A	38,493	0	61,642	0
Title II, Part A - Teacher and Principal Training	n/a	84.367	153,078	0	157,416	0
<b>Total U.S. Department of Education</b>			<b>1,560,885</b>	<b>0.00</b>	<b>1,650,388</b>	<b>0.00</b>
<b><u>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</u></b>						
<i>Passed Through Ohio Department of Jobs &amp; Family Services:</i>						
Medical Assistance Payments - Title XIX (Community Alternative Funding System)	nn-n1	93.778	84,026	0	0	0
<b>Total U.S. Department of Health &amp; Human Services</b>			<b>84,026</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Totals</b>			<b>\$1,738,691</b>	<b>\$21,138</b>	<b>\$1,744,168</b>	<b>\$21,138</b>

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

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2003**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures ("the Schedule") is a summary of the activity of the federal awards programs of the Oak Hills Local School District, Hamilton County, Ohio ("the District"), for the fiscal year ended June 30, 2003. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – FOOD DISTRIBUTION**

Nonmonetary assistance, such as food commodities received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the amounts received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed that federal monies are expended first. At June 30, 2003, the District did not have significant food commodities in inventory.



**Auditor of State  
Betty Montgomery**

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

Oak Hills Local School District  
Hamilton County  
6325 Rapid Run Road  
Cincinnati, Ohio 45233

To the Board of Education:

We have audited the financial statements of the Oak Hills Local School District, Hamilton County, Ohio (the District), as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated March 29, 2004, in which we noted that the District adopted Governmental Accounting Standards Board Statement No. 34. 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.

**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*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated March 29, 2004.

**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, noted certain a matter involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated March 29, 2004.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 29, 2004



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Oak Hills Local School District  
Hamilton County  
6325 Rapid Run Road  
Cincinnati, Ohio 45233

To the Board of Education:

#### Compliance

We have audited the compliance of the Oak Hills Local School District, Hamilton County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement*, that are applicable to each of its major federal program for the fiscal year ended June 30, 2003. The District's major federal programs are 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 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 each of its major federal programs for the fiscal year ended June 30, 2003.

#### Internal Control Over Compliance

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

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

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



**Betty Montgomery**  
Auditor of State

March 29, 2004



**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
JUNE 30, 2003**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(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):	Special Education Cluster (CFDA 84.027 & 84.173); Improving Teacher Quality State Grants (Title II Part A) (CFDA 84.367)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

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

None.





**Auditor of State  
Betty Montgomery**

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800-282-0370

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**OAK HILLS LOCAL 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  
MAY 11, 2004**