



***NORTH COLLEGE HILL
CITY SCHOOL DISTRICT***

HAMILTON COUNTY

SINGLE AUDIT

For the Year Ended June 30, 2002

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANTS AND MANAGEMENT CONSULTANTS





**Auditor of State
Betty Montgomery**

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Board of Education
North College Hill City School District
1498 West Galbraith Road
Cincinnati, Ohio 45231-5597

We have reviewed the Independent Auditor's Report of the North College Hill City School District, Hamilton County, prepared by J.L. Uhrig & Associates, Inc., for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

January 23, 2003

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NORTH COLLEGE HILL CITY SCHOOL DISTRICT

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NORTH COLLEGE HILL CITY SCHOOL DISTRICT - HAMILTON COUNTY

ELECTED OFFICIALS

June 30, 2002

<u>Board of Education</u>	<u>Title</u>	<u>Term of Office</u>
Ronald J. Harmon	President	1/1/2002-12/31/2005
Jan C. Gardiner	Vice President	1/1/2002-12/31/2005
Dennis M. Jones	Member	1/1/2002-12/31/2005
Penny Huber	Member	1/1/2000-12/31/2003
Barbara Graves	Member	1/1/2000-12/31/2003

Surety: Nationwide Insurance Company
Amount: \$20,000
Period: 1/1/2000-1/1/2003
Salary: \$80 per meeting

Legal Counsel:
Ennis, Roberts and Fischer Attorneys
121 West Ninth Street
Cincinnati, Ohio 45202-1904

District Address:
Board of Education
1498 West Galbraith Road
Cincinnati, Ohio 45231

NORTH COLLEGE HILL CITY SCHOOL DISTRICT - HAMILTON COUNTY

ADMINISTRATIVE PERSONNEL

June 30, 2002

Superintendent:

Name:	Gary Gellert
Contract Period:	2/1/00 - 7/31/04
Surety:	Nationwide Insurance Company
Amount:	\$20,000
Period Covered:	1/1/00 - 1/1/2003
Salary:	\$91,052

Assistant Superintendent:

Name:	Kay Faris
Contract Period:	8/1/00 - 7/31/03
Surety:	Nationwide Insurance Company
Amount:	\$20,000
Period Covered:	1/1/00 - 1/1/2003
Salary:	\$83,300

Treasurer:

Name:	Tammy Emrick
Contract Period:	1/1/02 - 12/31/05
Surety:	Wausau Insurance Company
Amount:	\$50,000
Period Covered:	1/1/02 - 1/1/05
Salary:	\$67,600

NORTH COLLEGE HILL CITY SCHOOL DISTRICT - HAMILTON COUNTY

INDEX OF FUNDS

June 30, 2002

GOVERNMENTAL FUND TYPES:

General Fund

Special Revenue Funds:

Public School Support Fund
Local Grant Fund
Kattelman Scholarship Fund
Venture Capital Grant Fund
Termination Benefits Fund
District Activity Fund
Auxiliary Services Fund
Career Education Fund
Teacher Development Fund
Education Management Information System Fund
Entry Year Mentoring Grant Fund
Disadvantaged Pupil Impact Aid Fund
Data Communication Fund
SchoolNet Professional Development Fund
Textbook Subsidy Fund
Ohio Reads Grant Fund
Summer School Intervention Fund
Alternative Education Grant Fund
Phonics Demonstration Grant Fund
Eisenhower Fund
Civil Rights Technical Assistance Fund
Title VI-B Fund
Title I Fund
Title VI Fund
Drug Free Schools Grant Fund
Handicapped Pre-School Grant Fund
E-rate Fund
Class Size Reduction Grant Fund
Goals 2000 Proficiency Intervention Fund
Virtual Learning Grant Fund

Debt Service Fund:

Bond Retirement Fund

Capital Projects Funds:

Permanent Improvement Fund
Classroom Facilities Fund
Schoolnet Fund

PROPRIETARY FUND TYPE:

Enterprise Funds:

Food Service Fund
Uniform School Supplies Fund

NORTH COLLEGE HILL CITY SCHOOL DISTRICT - HAMILTON COUNTY

INDEX OF FUNDS

June 30, 2002

FIDUCIARY FUND TYPES:

Trust and Agency Funds:

Expendable Trust Fund:
Special Trust Fund

Agency Fund:
Student Activity Fund

Independent Auditor's Report

Board of Education
North College Hill City School District
1498 W. Galbraith Road
Cincinnati, Ohio 45231-5597

We have audited the accompanying financial statements of the North College Hill City School District (the District) as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report when considering the results of our audit.

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

J. L. Uhrig & Associates, Inc.
J. L. UHRIG AND ASSOCIATES, INC.

December 20, 2002

NORTH COLLEGE HILL CITY SCHOOLS
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2002

	GOVERNMENTAL FUND TYPES			
	General Fund	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Assets:				
Equity in pooled cash, cash equivalents and investments.....	\$3,603,573	\$419,501	\$16,187	\$367,311
Receivables (net of allowances for uncollectibles):				
Taxes - current.....	3,293,629	-	-	382,926
Taxes - delinquent.....	330,455	-	-	38,726
Accounts.....	6,843	1,217	-	-
Accrued interest.....	61,535	-	-	-
Intergovernmental - state and local.....	521,075	12,592	-	52,000
Materials and supplies inventory.....	12,945	-	-	-
Interfund receivables.....	5,500	144	-	366,880
Restricted assets:				
Investments.....	611,305	-	-	-
Property, plant and equipment (net of accumulated depreciation, where applicable).....	-	-	-	-
Other debits:				
Amount to be provided for retirement of general long-term obligations.....	-	-	-	-
Total assets and other debits.....	<u>\$8,446,860</u>	<u>\$433,454</u>	<u>\$16,187</u>	<u>\$1,207,843</u>
LIABILITIES, EQUITY AND OTHER CREDITS:				
Liabilities:				
Accounts payable.....	\$42,769	\$9,845	-	\$56,608
Accrued wages and benefits.....	874,160	86,548	-	-
Due to other governments.....	23,898	-	-	-
Interfund payables.....	367,024	-	-	-
Deferred revenue.....	2,678,738	-	-	311,080
Due to students and other groups.....	-	-	-	-
Compensated absences payable	-	-	-	-
Obligation under capital leases.....	-	-	-	-
Total liabilities.....	<u>3,986,589</u>	<u>96,393</u>	<u>-</u>	<u>367,688</u>
Fund equity and other credits:				
Investment in general fixed assets.....	-	-	-	-
Retained earnings: unreserved.....	-	-	-	-
Fund equity:				
Reserved-				
Reserved for supplies inventory.....	12,945	-	-	-
Reserved for encumbrances.....	334,909	36,185	-	145,788
Reserved for debt service.....	-	-	16,187	-
Reserved for property taxes.....	1,384,346	-	-	162,573
Reserved for instructional material.....	195,860	-	-	-
Reserved for capital improvements.....	46,569	-	-	-
Unreserved - Designated for budget stabilization.....	368,876	-	-	-
Unreserved - Undesignated.....	2,116,766	300,876	-	531,794
Total equity and other credits.....	<u>4,460,271</u>	<u>337,061</u>	<u>16,187</u>	<u>840,155</u>
Total liabilities, equity and other credits.....	<u>\$8,446,860</u>	<u>\$433,454</u>	<u>\$16,187</u>	<u>\$1,207,843</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Totals (Memorandum Only)
		Enterprise	Trust and Agency	
\$252,014	\$50,490	-	-	\$4,709,076
-	-	-	-	3,676,555
-	-	-	-	369,181
25,260	-	-	-	33,320
-	-	-	-	61,535
-	-	-	-	585,667
9,920	-	-	-	22,865
-	-	-	-	372,524
-	-	-	-	611,305
45,227	-	\$6,900,125	-	6,945,352
-	-	-	711,315	711,315
<u>\$332,421</u>	<u>\$50,490</u>	<u>\$6,900,125</u>	<u>\$711,315</u>	<u>\$18,098,695</u>
\$1,087	-	-	-	\$110,309
9,578	-	-	-	970,286
-	-	-	-	23,898
-	\$5,500	-	-	372,524
8,212	-	-	-	2,998,030
-	26,362	-	-	26,362
-	-	-	\$627,410	627,410
-	-	-	83,905	83,905
<u>18,877</u>	<u>31,862</u>	<u>-</u>	<u>711,315</u>	<u>5,212,724</u>
-	-	\$6,900,125	-	6,900,125
313,544	-	-	-	313,544
-	-	-	-	12,945
-	3,000	-	-	519,882
-	-	-	-	16,187
-	-	-	-	1,546,919
-	-	-	-	195,860
-	-	-	-	46,569
-	-	-	-	368,876
-	15,628	-	-	2,965,064
<u>313,544</u>	<u>18,628</u>	<u>6,900,125</u>	<u>-</u>	<u>12,885,971</u>
<u>\$332,421</u>	<u>\$50,490</u>	<u>\$6,900,125</u>	<u>\$711,315</u>	<u>\$18,098,695</u>

NORTH COLLEGE HILL CITY SCHOOLS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE YEAR ENDED JUNE 30, 2002

	GOVERNMENTAL FUND TYPES			
	General Fund	Special Revenue	Debt Service	Capital Projects
Revenues:				
From local sources:				
Taxes.....	\$3,988,642	-	-	\$456,794
Tuition.....	177,253	-	-	-
Earnings on investments.....	234,453	\$353	-	2,705
Gifts and donations.....	-	-	-	-
Other local revenues.....	28,749	87,551	-	-
Intergovernmental - federal, state and local.....	6,015,059	884,673	-	114,326
Total revenues.....	10,444,156	972,577	-	573,825
Expenditures:				
Current:				
Instruction:				
Regular.....	4,314,563	294,896	-	55,886
Special.....	944,848	335,672	-	-
Vocational.....	89,149	-	-	-
Other.....	114,034	-	-	-
Support services:				
Pupil.....	644,360	172,998	-	-
Instructional staff.....	582,667	111,462	-	-
General administration.....	45,579	-	-	-
School administration.....	896,882	27,718	-	-
Fiscal.....	266,438	-	-	5,532
Operations and maintenance.....	909,817	-	-	-
Pupil transportation.....	111,701	-	-	-
Central.....	1,189	12,618	-	-
Community services.....	6,902	163,333	-	-
Extracurricular activities.....	198,613	85,231	-	-
Capital outlay.....	19,840	-	-	331,028
Debt service:				
Principal retirement.....	18,423	-	-	-
Interest and fiscal charges.....	3,922	-	-	-
Total expenditures.....	9,168,927	1,203,928	-	392,446
Excess (deficiency) of revenues over (under) expenditures.....	1,275,229	(231,351)	-	181,379
Other financing sources (uses):				
Operating transfers in.....	-	115,286	-	-
Operating transfers (out).....	(106,786)	-	-	-
Proceeds of sale of fixed assets.....	2,557	-	-	-
Total other financing sources (uses).....	(104,229)	115,286	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses.....	1,171,000	(116,065)	-	181,379
Fund balance at Beginning of Year.....	3,289,271	453,126	\$16,187	658,776
Fund balance at End of Year.....	\$4,460,271	\$337,061	\$16,187	\$840,155

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

<u>FIDUCIARY FUND TYPE</u>	Totals (Memorandum Only)
Expendable Trust	
-	\$4,445,436
-	177,253
\$143	237,654
14,550	14,550
-	116,300
-	7,014,058
14,693	12,005,251
-	4,665,345
-	1,280,520
-	89,149
-	114,034
-	817,358
-	694,129
-	45,579
-	924,600
-	271,970
-	909,817
-	111,701
-	13,807
2,519	172,754
-	283,844
-	350,868
-	18,423
-	3,922
2,519	10,767,820
12,174	1,237,431
-	115,286
(8,500)	(115,286)
-	2,557
(8,500)	2,557
3,674	1,239,988
14,954	4,432,314
\$18,628	\$5,672,302

NORTH COLLEGE HILL CITY SCHOOLS
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2002

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
From local sources:						
Taxes.....	\$3,381,331	\$3,381,331	-	-	-	-
Tuition.....	150,300	157,630	\$7,330	-	-	-
Earnings on investments.....	275,000	242,995	(32,005)	\$341	\$353	\$12
Other local revenues.....	16,000	20,195	4,195	86,182	86,398	216
Intergovernmental - federal, state, and local.....	5,862,351	6,012,926	150,575	883,217	866,561	(16,656)
Total revenues.....	9,684,982	9,815,077	130,095	969,740	953,312	(16,428)
Expenditures:						
Current:						
Instruction:						
Regular.....	4,776,776	4,473,192	303,584	339,375	296,641	42,734
Special.....	976,954	931,427	45,527	378,014	341,403	36,611
Vocational.....	99,823	93,597	6,226	-	-	-
Other.....	128,241	127,530	711	-	-	-
Support services:						
Pupil.....	715,466	664,575	50,891	199,664	176,921	22,743
Instructional staff.....	651,952	590,496	61,456	120,971	113,731	7,240
General administration.....	53,584	45,073	8,511	-	-	-
School administration.....	969,122	938,548	30,574	27,948	27,334	614
Fiscal.....	317,722	303,567	14,155	-	-	-
Business.....	9,384	7,873	1,511	-	-	-
Operations and maintenance.....	974,146	919,454	54,692	-	-	-
Pupil transportation.....	156,030	113,288	42,742	-	-	-
Central.....	1,194	1,189	5	38,033	12,021	26,012
Community services.....	8,000	6,776	1,224	189,954	178,999	10,955
Extracurricular activities.....	214,551	190,668	23,883	93,220	90,260	2,960
Capital outlay.....	68,765	23,680	45,085	-	-	-
Total expenditures.....	10,121,710	9,430,933	690,777	1,387,179	1,237,310	149,869
Excess (deficiency) of revenues over (under) expenditures.....	(436,728)	384,144	820,872	(417,439)	(283,998)	133,441
Other financing sources (uses):						
Operating transfers in.....	202,055	202,055	-	106,786	115,286	8,500
Operating transfers (out).....	(308,841)	(308,841)	-	-	-	-
Advances in.....	100,000	100,700	700	-	-	-
Advances out.....	(5,500)	(5,500)	-	-	-	-
Refund of prior year expenditures.....	3,000	5,897	2,897	-	90	90
Proceeds of sale of fixed assets.....	500	1,762	1,262	8,500	8,500	-
Total other financing sources (uses).....	(8,786)	(3,927)	4,859	115,286	123,876	8,590
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses.....	(445,514)	380,217	825,731	(302,153)	(160,122)	142,031
Fund Balance at Beginning of Year.....	3,150,521	3,150,521	-	419,403	419,403	-
Prior Year Encumbrances Appropriated.....	211,209	211,209	-	124,040	124,040	-
Fund Balance at End of Year.....	\$2,916,216	\$3,741,947	\$825,731	\$241,290	\$383,321	\$142,031

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Debt Service			Capital Projects			Total (Memorandum only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
-	-	-	\$386,025	\$386,025	-	\$3,767,356	\$3,767,356	-
-	-	-	-	-	-	150,300	157,630	\$7,330
-	-	-	2,600	2,705	\$105	277,941	246,053	(31,888)
-	-	-	-	-	-	102,182	106,593	4,411
-	-	-	114,326	114,326	-	6,859,894	6,993,813	133,919
-	-	-	502,951	503,056	105	11,157,673	11,271,445	113,772
-	-	-	56,549	55,886	663	5,172,700	4,825,719	346,981
-	-	-	-	-	-	1,354,968	1,272,830	82,138
-	-	-	-	-	-	99,823	93,597	6,226
-	-	-	-	-	-	128,241	127,530	711
-	-	-	-	-	-	915,130	841,496	73,634
-	-	-	-	-	-	772,923	704,227	68,696
-	-	-	-	-	-	53,584	45,073	8,511
-	-	-	-	-	-	997,070	965,882	31,188
-	-	-	5,550	5,532	18	323,272	309,099	14,173
-	-	-	-	-	-	9,384	7,873	1,511
-	-	-	-	-	-	974,146	919,454	54,692
-	-	-	-	-	-	156,030	113,288	42,742
-	-	-	-	-	-	39,227	13,210	26,017
-	-	-	-	-	-	197,954	185,775	12,179
-	-	-	-	-	-	307,771	280,928	26,843
-	-	-	631,195	422,357	208,838	699,960	446,037	253,923
-	-	-	693,294	483,775	209,519	12,202,183	11,152,018	1,050,165
-	-	-	(190,343)	19,281	209,624	(1,044,510)	119,427	1,163,937
-	-	-	-	-	-	308,841	317,341	8,500
-	-	-	-	-	-	(308,841)	(308,841)	-
-	-	-	-	-	-	100,000	100,700	700
-	-	-	(100,000)	(100,000)	-	(105,500)	(105,500)	-
-	-	-	-	-	-	3,000	5,987	2,987
-	-	-	-	-	-	9,000	10,262	1,262
-	-	-	(100,000)	(100,000)	-	6,500	19,949	13,449
-	-	-	(290,343)	(80,719)	209,624	(1,038,010)	139,376	1,177,386
\$16,187	\$16,187	-	200,077	200,077	-	3,786,188	3,786,188	-
-	-	-	240,045	240,045	-	575,294	575,294	-
\$16,187	\$16,187	-	\$149,779	\$359,403	\$209,624	\$3,323,472	\$4,500,858	\$1,177,386

NORTH COLLEGE HILL CITY SCHOOLS
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 2002

	Enterprise
Operating revenues:	
Sales.....	\$205,363
Tuition and fees.....	26,801
Total operating revenues.....	232,164
Operating expenses:	
Salaries and wages.....	24,500
Fringe benefits.....	40,133
Contractual services.....	160,796
Materials and supplies.....	240,896
Depreciation.....	8,888
Total operating expenses.....	475,213
Operating income (loss).....	(243,049)
Nonoperating revenues:	
Federally donated commodities.....	41,045
Interest earned.....	1,447
Operating grants - federal, state and local.....	200,466
Total Nonoperating revenues	242,958
Net income (loss).....	(91)
Retained earnings at beginning of year.....	313,635
Retained earnings at end of year.....	\$313,544

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

NORTH COLLEGE HILL CITY SCHOOLS
 COMBINED STATEMENT OF CASH FLOWS - PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 2002

	Enterprise
Cash flows from operating activities:	
Cash received from sales.....	\$205,417
Cash payments for employees services and benefits.....	(67,149)
Cash payments for contractual services.....	(161,117)
Cash payments to suppliers for goods and services.....	(200,847)
Other operating receipts.....	2,000
Net cash from operating activities.....	(221,696)
Cash flows from noncapital financing activities:	
Operating grants received	200,466
Net cash from noncapital financing activities.....	200,466
Cash flows from investing activities:	
Interest received on investments.....	1,447
Net cash from investing activities.....	1,447
Net increase in cash and cash equivalents.....	403,826
Cash and cash equivalents at beginning of year.....	271,797
Cash and cash equivalents at end of year.....	\$252,014
Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss).....	(\$243,049)
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation.....	8,888
Donated commodities revenue recognized during year.....	41,045
Changes in assets and liabilities:	
(Increase) in accounts receivable	(24,746)
Decrease in inventory held for resale.....	23
(Decrease) in accounts payable.....	(808)
(Decrease) in accrued wages and benefits.....	(2,516)
(Decrease) in deferred revenue.....	(533)
Net cash used by operating activities...	(\$221,696)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

NOTE A--DESCRIPTION OF THE DISTRICT

The District was chartered by the Ohio State Legislature in 1832 by state laws enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 56 non-certificated personnel and 116 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is ranked 17th in Hamilton County in terms of enrollment. It currently operates 3 elementary schools and 1 junior/senior high school (grades 7-12).

The District is associated with three organizations, two of which are defined as jointly governed organizations, and one as an insurance purchasing pool. These organizations are the Hamilton/Clermont Cooperative Association, the Great Oaks Institute of Technology Joint Vocational School, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes S and T to the general purpose financial statements.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

THE REPORTING ENTITY

For financial reporting purposes the District's financial statements include all funds and account groups, and component units for which the District is financially accountable based upon criteria set forth in GASB Statement 14. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the District) are financially accountable. The District would consider an organization to be a component unit if:

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

The following organizations are not part of the District entity and are excluded from the accompanying financial statements:

City of North College Hill - These governments are each a separate body politic and corporate. Nine council members are elected independent of any District relationships, and administer the provisions of traditional City services. Council acts as the taxing authority for these services.

Private Schools: St. Margaret Mary is located within the boundaries of the District.

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

Private schools, within the boundaries of the District, are operated independently of the District. Current state legislation provide funding to these private schools. These monies are received and disbursed on behalf of the private schools by the Treasurer of the District, as directed by the private school. The accounting for these receipts and disbursements is reflected in a Special Revenue Fund of the District as required by Ohio Law, but the private schools' operations are not reflected in the financial statements.

BASIS OF PRESENTATION - FUND ACCOUNTING

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

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

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

Enterprise Funds

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

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds - Fiduciary funds are used to account for the assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust, Nonexpendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. The District had no Nonexpendable Trust Funds for the fiscal year ended June 30, 2002. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

General Fixed Assets Account Group

This group of account is established to account for all fixed assets of the District, other than those accounted for in the proprietary fund and trust fund.

General Long Term Obligations Account Group

This group of account is established to account for all long-term obligations of the District, except those accounted for in the proprietary fund and trust fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The District had no contributed capital. Proprietary fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

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

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

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, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

The measurement focus of governmental and expendable trust 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. Principal and interest on general long-term obligations are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Fund for payments to be made early in the following year. The costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental and expendable trust funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when 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.

BUDGETARY DATA

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

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

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

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

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

The District adopts an annual budget for all required funds under the Ohio Revised Code, however, only governmental fund types are required to be reported in accordance with generally accepted accounting principles. Due to this fact the activity of the expendable trust fund and the agency fund is not budgeted, advances-in and advances-out, and transfers-in and transfers-out do not equal on a budgetary basis. An advance of \$4,800 was made to the Agency fund from the General Fund and a transfer of \$8,500 was made to the General Fund from the Expendable Trust Fund.

The specific budget timetable is as follows:

Prior to January 15 to the preceding fiscal year, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers comments. The expressed purpose of this budget is to reflect the need for existing (or increased) tax rates. By no later than January 20, the board-adopted budget is filed with the Hamilton County Budget Commission for tax rate determination.

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

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

Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.

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

Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2001-02.

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

North College Hill City School District
Notes to the General-Purpose Financial Statements
For the Year Ended June 30, 2002

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

The original appropriation measure was amended during the year as follows:

Fund Type	
Governmental:	
General Fund	\$241,802
Special Revenue	(78,524)
Capital Projects	134,954
Proprietary:	
Enterprise Funds	(38,303)

ENCUMBRANCES

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

CASH AND INVESTMENTS

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

During fiscal year 2002, investments were limited to STAROhio, treasury notes, federal agency securities, and certificates of deposit.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2002.

Following Ohio statues, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2002 amounted to \$234,453.

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

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

An analysis of the Treasurer's investment account at year end, June 30, 2002, is provided in Note C.

RESTRICTED ASSETS

Restricted assets in the General Fund represent cash and cash equivalents set aside to establish a reserve for textbooks and instructional materials, capital improvements and maintenance, and budget stabilization in accordance with state statute. A reserve for budget stabilization is no longer required by state statute and any balance remaining in the previously required budget reserve can be used with certain restrictions, at the discretion of the Board of Education. A corresponding fund balance reserve has also been established for each set aside amount.

INVENTORY (MATERIAL AND SUPPLIES)

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

FIXED ASSETS AND DEPRECIATION

General Fixed Assets Account Group - General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars and a useful life of less than 3 years. The District does not have any infrastructure.

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 capitalized. Improvements are capitalized. Assets in the General Fixed Assets Account Group are not depreciated.

Proprietary Funds - Property, plant and equipment reflected in the proprietary funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the estimated useful lives ranging from 5 to 20 years.

INTERGOVERNMENTAL REVENUES

In governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and the reimbursement becomes available. Grants for proprietary fund operations are recognized as revenue when measurable and earned.

INTERFUND TRANSACTIONS

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

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

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

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

Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds. The District has no long-term advances as of June 30, 2002.

LONG-TERM OBLIGATIONS

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

ESTIMATES

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

COMPENSATED ABSENCES

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

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

The criteria for determining vested vacation and sick leave components is derived from negotiating agreements and state laws. In summary, the components of vesting are as follows:

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certified</u>
How earned	Not eligible	20 days per year	10-20 days for each service year depending on length of service.
Maximum Accumulation	N/A	60 days	Must be used in year earned
Vested	N/A	As earned	As earned
Termination Entitlement	N/A	Paid upon termination	Paid upon termination

North College Hill City School District
Notes to the General-Purpose Financial Statements
For the Year Ended June 30, 2002

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

<u>Sick Leave</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certified</u>
How Earned	1 1/4 days per month of employment (15 days per year maximum)	1 1/4 days per month of employment (15 days per year maximum)	1 1/4 days per month of employment (15 days per year maximum)
Maximum Accumulation	210 days	210 days	210 days
Vested	As earned	As earned	As earned
Termination Entitlement	Per contract	Per policy and board resolution	Per policy

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

FUND EQUITY

Reserved fund balances indicate that 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, inventory, debt service, property taxes and the budget stabilization reserve. Fund balances are also designated for funds set aside for budget stabilization in excess of statutory requirements. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purpose of those funds.

MEMORANDUM ONLY-TOTAL COLUMNS

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

AUTHORITATIVE SOURCES

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

NOTE C--EQUITY IN POOLED CASH AND INVESTMENTS

State statutes classify monies held by the District into three categories.

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written purchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

North College Hill City School District
Notes to the General-Purpose Financial Statements
For the Year Ended June 30, 2002

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

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

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

Deposits - At year end the carrying amount of the District's deposits was \$357,156 and the bank balance was \$431,585 (excluding payroll clearing accounts with a book balance of \$0 and a bank balance of \$131,481). Of the bank balance, \$200,000 was covered by federal depository insurance, and \$363,066 was uninsured and uncollateralized as defined by GASB, although it was secured by collateral held by third party trustees pursuant to section 135.181 of the Ohio Revised Code, in collateral pools serving all public funds on deposit with specific depository institutions; these securities not being in the name of the District.

Investments - The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end. CATEGORY 1 includes investments that are issued or registered or for which the securities are held by the District or its agent in the District's name. CATEGORY 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name. CATEGORY 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its department or agent, but not in the District's name. STAROhio, an investment fund operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form.

Based on the above criteria, the District's investments at June 30, 2002 are classified as follows:

	Category 1	Reported Amount	Fair Value
U.S. Treasury Notes	\$1,274,413	\$1,274,413	\$1,274,413
FNMA Notes	2,060,975	2,060,975	2,060,975
FHLMC Note	996,958	996,958	996,958
STAROhio		630,879	630,879
	\$4,332,346	\$4,963,225	\$4,963,225

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

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

North College Hill City School District
Notes to the General-Purpose Financial Statements
For the Year Ended June 30, 2002

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

	Equity in Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$988,035	\$4,332,346
Investment in STAROhio	(630,879)	630,879
GASB Statement No. 3	\$357,156	\$4,963,225

Equity in pooled cash, cash equivalents and investments are combined in their presentation on the balance sheet. Of the \$988,035 of pooled cash and cash equivalents on the balance sheet, \$564,050 was from the General Fund, \$56,139 was from the Special Revenue Funds, \$16,187 was from the Debt Service Fund, \$49,155 was from the Capital Projects Funds, \$252,014 was from the Enterprise Funds, \$18,628 was from the Expendable Trust Fund and \$31,862 was from the Agency Fund. The \$4,332,346 of investments on the balance sheet was invested from the General, Special Revenue and Capital Projects Funds.

NOTE D--DEBT SERVICE FUNDS

The District maintains \$16,187 within the Debt Service Fund. A court order is required to transfer the monies for other purposes. The District has elected to maintain the cash balance in the debt service in anticipation of future debt issues. Therefore, this amount is not available for other general long-term obligations.

NOTE E-PROPERTY TAXES

Property taxes include amount levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2002 were based as follows:

Tangible Personal	\$4,243,900
Real Estate	125,471,410
Total Valuation	\$129,715,310

In 2002, real property taxes were levied in January on the assessed values as of January 1, 2001, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in January, 1999. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25% of true value (as defined). In 2002, 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 2002, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least ½ 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.

North College Hill City School District
Notes to the General-Purpose Financial Statements
For the Year Ended June 30, 2002

NOTE E-PROPERTY TAXES (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which are measurable at June 30, 2002. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2002. All other tax receivables are recorded with an offset credit to deferred revenue, because although measurable they are intended to finance the next fiscal year's operations.

NOTE F--RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, interest, accounts receivables, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose of the nonpayment of taxes, the stable condition of State Programs, and the current year guarantee of Federal Funds.

A summary of the principal items of receivables follows:

<u>Fund</u>	<u>Type of Receivable</u>	<u>Amount</u>
General Fund	Taxes	\$3,624,084
	Intergovernmental	521,075
	Accounts	6,843
	Interest	61,535
Special Revenue	Accounts	1,217
	Intergovernmental	12,592
Capital Projects	Taxes	421,652
	Intergovernmental	52,000
Enterprise	Accounts	25,260

NOTE G--FIXED ASSETS

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

	<u>Balance at June 30, 2001</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2002</u>
Land/Land Improvements	\$166,088	\$68,388	\$0	\$234,476
Building/Building Improvements	4,089,690	120,911	0	4,210,601
Furniture Fixtures/Equipment	2,502,568	83,336	130,856	2,455,048
Total	<u>\$6,758,346</u>	<u>\$272,635</u>	<u>\$130,856</u>	<u>\$6,900,125</u>

There was no significant construction in progress as of June 30, 2002.

North College Hill City School District
Notes to the General-Purpose Financial Statements
For the Year Ended June 30, 2002

NOTE G--FIXED ASSETS (Continued)

A summary of the proprietary fund fixed assets at June 30, 2002 follows:

Furniture and Equipment	\$187,598
Less Accumulated Depreciation	(142,371)
Net Fixed Assets - Proprietary Fund	\$45,227

NOTE H--CAPITAL LEASE OBLIGATIONS

In prior years, the District has entered into capitalized leases for the acquisition of certain office equipment. Each lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds. Equipment acquired by capital lease has been capitalized in the General Fixed Asset Account Group in an amount equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in fiscal year 2002 totaled \$18,423 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2002.

Fiscal Year Ending June 30,	GLTOAG
2003	\$22,345
2004	22,345
2005	22,345
2006	22,345
2007	5,586
Total	94,966
Less: Amount Representing Interest	(11,061)
Present Value of Net Minimum Lease Payments	\$83,905

North College Hill City School District
Notes to the General-Purpose Financial Statements
For the Year Ended June 30, 2002

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

During the year ended June 30, 2002 the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences will be paid from the fund from which the employee is paid.

	Balance at June 30, 2001	Additions	Deletions	Balance at June 30, 2002
Compensated Absences:				
Vacation	\$88,452	\$74,067	\$60,701	\$101,818
Accrued Sick Leave	542,791	46,448	63,647	525,592
General Obligation Debt:				
Capital Leases	102,328	0	18,423	83,905
Total	\$733,571	\$120,515	\$142,771	\$711,315

NOTE J--LEGAL DEBT MARGINS

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

The effects of these debt limitations at June 30, 2002 are a voted debt margin of \$11,674,378 and an unvoted debt margin of \$129,715.

NOTE K—SET ASIDE DISCLOSURES

The 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. The District is no longer required to set aside money for budget stabilization.

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

Reserved Fund Balances

	Instructional Materials	Capital Improvements	Totals
Set-aside Reserve Balance as of June 30, 2001	\$182,768	\$46,569	\$229,337
Current Year Set-aside Requirement	202,055	202,055	404,110
Qualifying Disbursements	(188,963)	(202,055)	(391,018)
Set-aside Reserve Balance as of June 30, 2002	\$195,860	\$46,569	\$242,429

North College Hill City School District
Notes to the General-Purpose Financial Statements
For the Year Ended June 30, 2002

NOTE K—SET ASIDE DISCLOSURES (Continued)

Unreserved - Designated Fund Balances

	Instructional Materials	Capital Improvements	Budget Stabilization
Additional Money Set-aside as of June 30, 2002	\$0	\$0	\$368,876

The District has decided to set-aside additional money in excess of statutory requirements for budget stabilization. This amount is presented on the balance sheet as a designation of fund balance rather than as a reserve and is included in restricted assets.

NOTE L--SEGMENT INFORMATION

Enterprise Funds - The District maintains two Enterprise Funds to account for the operations of Food Service and Uniform School Supply. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2002.

	Food Service	Uniform School Supply	Total
Operating Revenues	\$180,318	\$51,846	\$232,164
Operating Expenses	439,996	35,217	475,213
Operating Income (Loss)	(259,678)	16,629	(243,049)
Nonoperating Revenue	242,958	0	242,958
Net Income (Loss)	(16,720)	16,629	(91)
Net Working Capital	190,483	77,834	268,317
Total Assets	253,504	78,917	332,421
Total Liabilities	17,794	1,083	18,877
Total Equity	235,710	77,834	313,544

NOTE M--EMPLOYEE RETIREMENT SYSTEMS

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code.

STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

NOTE M--EMPLOYEE RETIREMENT SYSTEMS (*Continued*)

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions to STRS for the fiscal years ending June 30, 2002, 2001, and 2000 were \$301,260, \$469,000, and \$275,969 respectively, equal to the required contributions for each year.

The District contributes to the School Employees Retirement System of Ohio (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 State statute per 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, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute an actuarially determined rate which was 14 percent for 2002; 5.46 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by state statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ending June 30, 2002, 2001, and 2000 were \$54,136, \$51,749, and \$66,680 respectively, equal to the required contributions for each year.

NOTE N--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 include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$183,695 during fiscal 2002.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve fund was \$3.256 billion at June 30, 2001 (the latest information available). For the year ended June 30, 2001, net health care costs paid by STRS were \$300.772 million and STRS had 102,132 eligible benefit recipients.

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

North College Hill City School District
Notes to the General-Purpose Financial Statements
For the Year Ended June 30, 2002

NOTE N--POST EMPLOYMENT BENEFITS (Continued)

For this fiscal year, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150.0 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001 SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$91,439 during the 2002 fiscal year.

NOTE O--BUDGET TO GAAP RECONCILIATION

While the District is reporting financial position, results of operations, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) All Governmental Fund Types type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis),
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Capital Projects
GAAP Basis	\$1,171,000	(\$116,065)	\$181,379
Net Adjustments:			
Revenue Accruals	(629,079)	(19,175)	(70,770)
Expenditure Accruals	(262,006)	(33,382)	(91,328)
Other Financing Sources	100,302	8,500	(100,000)
Budget Basis	\$380,217	(\$160,122)	(\$80,719)

There were no differences between the budget basis and the GAAP basis in the Debt Service Fund.

North College Hill City School District
Notes to the General-Purpose Financial Statements
For the Year Ended June 30, 2002

NOTE P--COMPLIANCE AND ACCOUNTABILITY

State Statute requires all funds to certify appropriations within estimated resources and beginning fund balances. All funds had appropriations within estimated resources and beginning fund balances.

State Statute also requires all funds to have expenditures and encumbrances within approved appropriation limits. All funds of the District had expenditures and encumbrances within the approved appropriations.

NOTE Q--RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2002, the District contracted with several insurance agencies for property and fleet insurance, liability insurance and inland marine coverage. The District has a \$0 to \$1,000 deductible per occurrence. Coverage provided by the insurance agencies are as follows:

Building and Contents-replacement cost	\$19,355,660
Inland Marine Coverage	100,000
Boiler and Machinery	2,500,000
Crime Insurance	10,000
Automobile Liability	
Bodily Injury - Each person	3,000
Bodily Injury - Each accident	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years. There has been no significant reduction in coverage from last year.

NOTE R--INTERFUND ACTIVITY

As of June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivables	Interfund Payables
General Fund	\$5,500	\$367,024
Special Revenue Fund:		
Drug Free Schools Grant Fund	144	0
Capital Projects Funds:		
Permanent Improvement Fund	329,000	0
Classroom Facilities Fund	37,880	0
Total Capital Projects Funds	366,880	0

North College Hill City School District
Notes to the General-Purpose Financial Statements
For the Year Ended June 30, 2002

NOTE R--INTERFUND ACTIVITY (Continued)

Fund Type/Fund	Interfund Receivables	Interfund Payables
Agency Funds:		
Student Activity Fund	0	5,500
Total Agency Funds:	0	5,500
Total All Funds	\$372,524	\$372,524

NOTE S--JOINTLY GOVERNED ORGANIZATIONS

The Hamilton/Clermont Cooperative Association (HCCA) is a computer service organization whose primary function is to provide information technology services to its members. Currently, the District along with 31 other member school districts in the Ohio counties of Hamilton and Clermont are participants. The Association 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 governing board of HCCA consists of the superintendents of the member school districts. The degree of control exercised by any participating School District is limited to its representation on the board. Each of the governments of these schools supports HCCA based upon a per pupil charge dependent upon the software package utilized. During fiscal year 2002, the District paid \$28,160 to HCCA for services. Financial information can be obtained from their fiscal agent, the Hamilton County Education Service Center, Donald Rabe who serves as Treasurer, at 11083 Hamilton Avenue, Cincinnati, Ohio 45231

Great Oaks Institute of Technology Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various City and County Boards within Hamilton County, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Great Oaks Institute of Technology Joint Vocational School, John Wahle who serves as Treasurer, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

NOTE T--INSURANCE PURCHASING POOL

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

NOTE U-- SUBSEQUENT EVENT

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed the earlier decision 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 School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NORTH COLLEGE HILL CITY SCHOOL DISTRICT

Schedule of Federal Awards Expenditures

For the Year Ended June 30, 2002

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Expenditures
<u>U.S. Department of Agriculture</u>				
<i>Passed Through Ohio Department of Education:</i>				
Nutrition Cluster:				
School Breakfast Program	05-PU 2002	10.553	\$23,669	\$23,669
National School Lunch Program	04-PU 2002	10.555	162,525	162,525
Total U.S. Department of Agriculture			<u>186,194</u>	<u>186,194</u>
<u>U.S. Department of Education</u>				
<i>Passed Through Great Oaks Career Technical Center</i>				
Vocational Education - ICP Career Grant	754-2002	84.048	2,562	2,455
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	C1-S1 2002	84.010	259,553	292,180
Special Education Cluster:				
Special Education - Grants to States	6B-SF 2002 P	84.027	96,750	90,497
Special Education - Preschool Grants	PG-S1-02	84.173	10,908	10,279
			<u>107,658</u>	<u>100,776</u>
Safe and Drug-Free Schools and Communities	DR-S1-02	84.186	14,702	26,481
Goals 2000: Improvement Grants	G2-S1 00/01	84.276	0	32,992
Eisenhower Professional Development Grant	MS-S1 2002	84.281	7,479	9,246
Innovative Educational Program Strategies	C2-S1 2002	84.298	9,801	11,800
Technology Literacy Challenge Grant	TF-S1 5	84.318	8,985	8,985
Class Size Reduction	CR-S1 2002	84.340	31,679	34,430
Total U.S. Department of Education			<u>442,419</u>	<u>519,345</u>
Total Federal Financial Assistance			<u>\$628,613</u>	<u>\$705,539</u>

Note 1 - Noncash Federal Financial Assistance

During the year ended June 30, 2002, the District received \$44,994 and used \$41,045 in fair value inventory under the Nutrition Cluster - Food Distribution (Commodities) Program, Federal CFDA Number 10.550, that is not reported in the above schedule. At June 30, 2002 the District had no significant food commodities inventory.

Note 2 - Significant Accounting Policies

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

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

Board of Education
North College Hill City School District
1498 W. Galbraith Road
Cincinnati, Ohio 45231-5597

We have audited the financial statements of the North College Hill City School District (the District), as of and for the year ended June 30, 2002 and have issued our report thereon dated December 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated December 20, 2002.

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

J. L. Uhrig & Associates, Inc.
J. L. UHRIG AND ASSOCIATES, INC.

December 20, 2002

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

Board of Education
North College Hill City School District
1498 W. Galbraith Road
Cincinnati, Ohio 45231-5597

Compliance

We have audited the compliance of North College Hill City School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

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.

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

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

J. L. Uhrig & Associates, Inc.
J. L. UHRIG AND ASSOCIATES, INC.

December 20, 2002

NORTH COLLEGE HILL CITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2002

A. SUMMARY OF AUDITOR'S RESULTS

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

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

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

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.



**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

NORTH COLLEGE HILL CITY SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 11, 2003**