



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

---

**STATE OF OHIO**



OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants .....	1
General-Purpose Financial Statements:	
Combined Balance Sheet – All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – All Governmental Fund Types and Expendable Trust Fund .....	7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – All Governmental Fund Types .....	8
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings – Proprietary Fund Type and Non-Expendable Trust Fund.....	10
Combined Statement of Cash Flows – Proprietary Fund Type and Non-Expendable Trust Fund.....	11
Notes to the Financial Statements .....	13
Schedule of Federal Awards Expenditures.....	35
Notes to the Schedule of Federal Awards Expenditures .....	36
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	37
Report of Independent Accountants on Compliance with Requirements Applicable to Major Federal Programs and Internal Control over Compliance in Accordance with OMB Circular A-133.....	39
Schedule of Findings.....	41

**This page intentionally left blank.**



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Oak Hills Local School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Oak Hills Local School District, Hamilton County, Ohio (the District), as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type and non-expendable trust fund 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 our report dated December 26, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

December 26, 2002

**This page intentionally left blank.**

Oak Hills Local School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Equity in Pooled Cash and Investments	\$26,532,353	\$809,727	\$1,058,510	\$2,187,699
Restricted Equity in Pooled Cash and Investments	680,716	0	0	0
Receivables:				
Taxes	23,089,411	0	3,271,516	0
Intergovernmental	0	55,851	0	119,793
Accounts	50,191	16,948	0	0
Interfund Receivable	13,000	0	0	0
Inventory	0	0	0	0
Fixed Assets ( Net, where applicable, of				
Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for				
Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of General				
Long-Term Obligations	0	0	0	0
<b>Total Assets &amp; Other Debits</b>	<b><u>\$50,365,671</u></b>	<b><u>\$882,526</u></b>	<b><u>\$4,330,026</u></b>	<b><u>\$2,307,492</u></b>
Liabilities, Fund Equity & Other Credits:				
Liabilities:				
Accounts Payable	\$428,978	\$109,548	\$0	\$463
Accrued Wages & Benefits	4,925,498	96,932	0	0
Compensated Absences Payable	425,542	9,573	0	0
Interfund Payable	0	13,000	0	0
Deferred Revenue	16,489,211	32,794	2,294,716	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Capital Lease Obligations	0	0	0	0
Loan Payable	0	0	0	0
Notes Payable	0	0	0	0
<b>Total Liabilities</b>	<b><u>22,269,229</u></b>	<b><u>261,847</u></b>	<b><u>2,294,716</u></b>	<b><u>463</u></b>
Fund Equity & Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved:				
Reserved for Encumbrances	169,938	92,612	0	1,887,758
Reserved for Property Tax Advances	6,600,200	0	976,800	0
Reserved for Endowments	0	0	0	0
Reserved for Set-Asides	680,716	0	0	0
Unreserved:				
Undesignated	20,645,588	528,067	1,058,510	419,271
<b>Total Fund Equity (Deficit) &amp; Other Credits</b>	<b><u>28,096,442</u></b>	<b><u>620,679</u></b>	<b><u>2,035,310</u></b>	<b><u>2,307,029</u></b>
<b>Total Liabilities, Fund Equity &amp; Other Credits</b>	<b><u>\$50,365,671</u></b>	<b><u>\$882,526</u></b>	<b><u>\$4,330,026</u></b>	<b><u>\$2,307,492</u></b>

See accompanying notes.



Proprietary Fund Type		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$423,603	\$0	\$1,133,263	\$0	\$0	\$32,145,155
0	0	0	0	0	680,716
0	0	0	0	0	26,360,927
0	0	0	0	0	175,644
0	0	1,981	0	0	69,120
0	0	0	0	0	13,000
11,801	0	0	0	0	11,801
612,099	0	0	52,738,306	0	53,350,405
0	0	0	0	2,035,310	2,035,310
0	0	0	0	54,047,449	54,047,449
<u>\$1,047,503</u>	<u>\$0</u>	<u>\$1,135,244</u>	<u>\$52,738,306</u>	<u>\$56,082,759</u>	<u>\$168,889,527</u>
\$1,099	\$0	\$0	\$0	\$0	\$540,088
139,771	0	0	0	289,646	5,451,847
33,445	0	0	0	2,383,064	2,851,624
0	0	0	0	0	13,000
11,228	0	0	0	0	18,827,949
0	0	60,163	0	0	60,163
0	0	0	0	49,340,000	49,340,000
0	0	0	0	561,256	561,256
0	0	0	0	3,300,000	3,300,000
0	0	0	0	208,793	208,793
<u>185,543</u>	<u>0</u>	<u>60,163</u>	<u>0</u>	<u>56,082,759</u>	<u>81,154,720</u>
0	0	0	52,738,306	0	52,738,306
646,705	0	0	0	0	646,705
215,255	0	0	0	0	215,255
0	0	0	0	0	2,150,308
0	0	0	0	0	7,577,000
0	0	899,567	0	0	899,567
0	0	0	0	0	680,716
0	0	175,514	0	0	22,826,950
<u>861,960</u>	<u>0</u>	<u>1,075,081</u>	<u>52,738,306</u>	<u>0</u>	<u>87,734,807</u>
<u>\$1,047,503</u>	<u>\$0</u>	<u>\$1,135,244</u>	<u>\$52,738,306</u>	<u>\$56,082,759</u>	<u>\$168,889,527</u>

**This Page Intentionally Left Blank**

Oak Hills Local School District  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Year Ended June 30, 2002

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Taxes	\$24,130,769	\$0	\$3,422,755	\$0	\$0	\$27,553,524
Intergovernmental	22,832,543	2,993,551	482,476	119,793	0	26,428,363
Investment	808,357	0	0	45,499	2,239	856,095
Tuition & Fees	878,260	0	0	0	0	878,260
Extracurricular Activities	221,319	677,938	0	0	5,503	904,760
Miscellaneous	3,401,050	185,744	0	60,433	60,747	3,707,974
<b>Total Revenues</b>	<b>52,272,298</b>	<b>3,857,233</b>	<b>3,905,231</b>	<b>225,725</b>	<b>68,489</b>	<b>60,328,976</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	25,310,906	207,770	0	233,304	0	25,751,980
Special	5,233,624	327,443	0	0	0	5,561,067
Vocational	52,165	0	0	0	0	52,165
<b>Support Services:</b>						
Pupils	2,352,219	570,188	0	0	445	2,922,852
Instructional Staff	2,378,982	439,972	0	0	0	2,818,954
Board of Education	131,414	0	0	0	0	131,414
Administration	3,502,853	147,657	0	0	0	3,650,510
Fiscal	880,783	0	43,033	0	0	923,816
Business	295,774	0	0	0	0	295,774
Operation & Maintenance of Plant	4,920,048	774	0	240,407	0	5,161,229
Pupil Transportation	1,563,292	0	0	0	0	1,563,292
Central	215,487	10,479	0	0	23,793	249,759
Operation of Non-Instructional Services	23,246	1,800,874	0	0	57,557	1,881,677
Extracurricular Activities	609,655	537,646	0	0	8,049	1,155,350
Capital Outlay	1,781,099	0	0	2,215,037	0	3,996,136
<b>Debt Service:</b>						
Principal Retirement	0	0	1,206,543	0	0	1,206,543
Interest & Fiscal Charges	0	0	2,926,462	0	0	2,926,462
<b>Total Expenditures</b>	<b>49,251,547</b>	<b>4,042,803</b>	<b>4,176,038</b>	<b>2,688,748</b>	<b>89,844</b>	<b>60,248,980</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,020,751</b>	<b>(185,570)</b>	<b>(270,807)</b>	<b>(2,463,023)</b>	<b>(21,355)</b>	<b>79,996</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	4,280	305	0	0	0	4,585
Operating Transfers In	0	0	1,052,301	0	0	1,052,301
Operating Transfers Out	(1,052,301)	0	0	0	0	(1,052,301)
Proceeds of Capital Leases	1,008,119	0	0	0	0	1,008,119
Proceeds of Loans	0	0	0	3,300,000	0	3,300,000
<b>Total Other Financing Sources (Uses)</b>	<b>(39,902)</b>	<b>305</b>	<b>1,052,301</b>	<b>3,300,000</b>	<b>0</b>	<b>4,312,704</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing Uses</b>	<b>2,980,849</b>	<b>(185,265)</b>	<b>781,494</b>	<b>836,977</b>	<b>(21,355)</b>	<b>4,392,700</b>
<b>Fund Balance, Beginning of Year</b>	<b>25,115,593</b>	<b>805,944</b>	<b>1,253,816</b>	<b>1,470,052</b>	<b>165,092</b>	<b>28,810,497</b>
<b>Fund Balance, End of Year</b>	<b>\$28,096,442</b>	<b>\$620,679</b>	<b>\$2,035,310</b>	<b>\$2,307,029</b>	<b>\$143,737</b>	<b>\$33,203,197</b>

See accompanying notes.

Oak Hills Local School District  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 All Governmental Fund Types  
 For the Year Ended June 30, 2002

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$23,464,269	\$23,464,269	\$0	\$0	\$0	\$0
Intergovernmental	22,843,140	22,843,140	0	3,003,695	3,003,695	0
Investment	811,709	811,709	0	0	0	0
Tuition & Fees	877,585	877,585	0	0	0	0
Extracurricular Activities	221,319	221,319	0	677,555	677,555	0
Miscellaneous	3,354,486	3,354,486	0	173,853	173,853	0
<b>Total Revenues</b>	<b>51,572,508</b>	<b>51,572,508</b>	<b>0</b>	<b>3,855,103</b>	<b>3,855,103</b>	<b>0</b>
Expenditures:						
Current:						
Instruction:						
Regular	25,376,480	25,376,480	0	218,457	218,457	0
Special	5,103,607	5,103,607	0	321,390	321,390	0
Vocational	64,712	64,712	0	0	0	0
Support Services:						
Pupils	2,332,545	2,332,545	0	583,804	583,804	0
Instructional Staff	2,286,457	2,286,457	0	464,717	464,717	0
Board of Education	135,363	135,363	0	0	0	0
Administration	3,668,620	3,668,620	0	148,058	148,058	0
Fiscal	876,989	876,989	0	0	0	0
Business	297,087	297,087	0	0	0	0
Operation & Maintenance of Plant	4,892,448	4,892,448	0	774	774	0
Pupil Transportation	1,589,336	1,589,336	0	0	0	0
Central	221,658	221,658	0	9,468	9,468	0
Operation of Non-Instructional Services	23,231	23,231	0	1,841,627	1,841,627	0
Extracurricular Activities	604,321	604,321	0	549,914	549,914	0
Capital Outlay	947,912	947,912	0			0
Debt Service:						
Principal Retirement	124,510	124,510	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>48,545,276</b>	<b>48,545,276</b>	<b>0</b>	<b>4,138,209</b>	<b>4,138,209</b>	<b>0</b>
Excess (Deficiency) of Revenues Over Under Expenditures	3,027,232	3,027,232	0	(283,106)	(283,106)	0
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	4,280	4,280	0	305	305	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(927,791)	(927,791)	0	0	0	0
Advances In	23,300	23,300	0	13,000	13,000	0
Advances Out	(13,000)	(13,000)	0	(23,300)	(23,300)	0
Proceeds of Loans	0	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(913,211)</b>	<b>(913,211)</b>	<b>0</b>	<b>(9,995)</b>	<b>(9,995)</b>	<b>0</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	2,114,021	2,114,021	0	(293,101)	(293,101)	0
Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)	24,500,131	24,500,131	0	900,670	900,670	0
<b>Fund Balance, End of Year</b>	<b>\$26,614,152</b>	<b>\$26,614,152</b>	<b>\$0</b>	<b>\$607,569</b>	<b>\$607,569</b>	<b>\$0</b>

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$3,324,155	\$3,324,155	\$0	\$0	\$0	\$0	\$26,788,424	\$26,788,424	\$0
482,476	482,476	0	0	0	0	26,329,311	26,329,311	0
0	0	0	45,499	45,499	0	857,208	857,208	0
0	0	0	0	0	0	877,585	877,585	0
0	0	0	0	0	0	898,874	898,874	0
0	0	0	60,433	60,433	0	3,588,772	3,588,772	0
3,806,631	3,806,631	0	105,932	105,932	0	59,340,174	59,340,174	0
0	0	0	233,304	233,304	0	25,828,241	25,828,241	0
0	0	0	0	0	0	5,424,997	5,424,997	0
0	0	0	0	0	0	64,712	64,712	0
0	0	0	0	0	0	2,916,349	2,916,349	0
0	0	0	0	0	0	2,751,174	2,751,174	0
0	0	0	0	0	0	135,363	135,363	0
0	0	0	0	0	0	3,816,678	3,816,678	0
43,033	43,033	0	0	0	0	920,022	920,022	0
0	0	0	0	0	0	297,087	297,087	0
0	0	0	1,955,459	1,955,459	0	6,848,681	6,848,681	0
0	0	0	0	0	0	1,589,336	1,589,336	0
0	0	0	0	0	0	231,126	231,126	0
0	0	0	0	0	0	1,864,858	1,864,858	0
0	0	0	0	0	0	1,154,235	1,154,235	0
0	0	0	2,395,442	2,395,442	0	3,343,354	3,343,354	0
1,206,543	1,206,543	0	0	0	0	1,331,053	1,331,053	0
2,801,952	2,801,952	0	0	0	0	2,801,952	2,801,952	0
4,051,528	4,051,528	0	4,584,205	4,584,205	0	61,319,218	61,319,218	0
(244,897)	(244,897)	0	(4,478,273)	(4,478,273)	0	(1,979,044)	(1,979,044)	0
0	0	0	0	0	0	4,585	4,585	0
927,791	927,791	0	0	0	0	927,791	927,791	0
0	0	0	0	0	0	(927,791)	(927,791)	0
0	0	0	0	0	0	36,300	36,300	0
0	0	0	0	0	0	(36,300)	(36,300)	0
0	0	0	3,300,000	3,300,000	0	3,300,000	3,300,000	0
927,791	927,791	0	0	0	0	4,585	4,585	0
682,894	682,894	0	(4,478,273)	(4,478,273)	0	(1,974,459)	(1,974,459)	0
375,617	375,617	0	1,477,748	1,477,748	0	27,254,166	27,254,166	0
\$1,058,511	\$1,058,511	\$0	(\$3,000,525)	(\$3,000,525)	\$0	\$25,279,707	\$25,279,707	\$0

Oak Hills Local School District  
 Combined Statement of Revenues, Expenses  
 And Changes in Retained Earnings/Fund Balance  
 Proprietary Fund Type and Non-Expendable Trust Fund  
 For the Year Ended June 30, 2002

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
Operating Revenues:			
Investment Revenue	\$0	\$24,649	\$24,649
Charges for Services	2,094,868	0	2,094,868
Tuition & Fees	146,216	0	146,216
Total Operating Revenues	<u>2,241,084</u>	<u>24,649</u>	<u>2,265,733</u>
Operating Expenses:			
Salaries	940,481	0	940,481
Fringe Benefits	312,095	0	312,095
Purchased Services	52,624	0	52,624
Materials & Supplies	1,065,925	0	1,065,925
Depreciation	92,770	0	92,770
Other Operating Expenses	3,217	39,550	42,767
Total Operating Expenses	<u>2,467,112</u>	<u>39,550</u>	<u>2,506,662</u>
Operating Income (Loss)	<u>(226,028)</u>	<u>(14,901)</u>	<u>(240,929)</u>
Non-Operating Revenues (Expenses):			
Investment Revenue	9,919	0	9,919
Miscellaneous Revenue	124	0	124
Donated Commodities	18,954	0	18,954
Operating Grants - State & Local	67,903	0	67,903
Operating Grants - Federal	92,976	0	92,976
Total Non-Operating Revenues	<u>189,876</u>	<u>0</u>	<u>189,876</u>
Net Income	(36,152)	(14,901)	(51,053)
Retained Earnings/Fund Balance, Beginning of Year	<u>251,407</u>	<u>946,245</u>	<u>1,197,652</u>
Retained Earnings/Fund Balance, End of Year	<u>\$215,255</u>	<u>\$931,344</u>	<u>\$1,146,599</u>

See accompanying notes.

Oak Hills Local School District  
 Combined Statement of Cash Flows  
 Proprietary Fund Type and Non-Expendable Trust Fund  
 For the Year Ended June 30, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum only)
	Enterprise	Non-Expendable Trust	
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Tuition & Fees	\$146,216	\$0	\$146,216
Cash Received from Charges for Services	2,094,868	0	2,094,868
Cash Payments for Personal Services	(1,191,048)	0	(1,191,048)
Cash Payments for Contract Services	(52,624)	0	(52,624)
Cash Payments for Supplies & Materials	(1,049,084)	0	(1,049,084)
Cash Payments for Other Expenses	(3,217)	(39,550)	(42,767)
Net Cash Provided (Used) by Operating Activities	<u>(54,889)</u>	<u>(39,550)</u>	<u>(94,439)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Cash Received from Operating Grants	160,879	0	160,879
Other	124	0	124
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>161,003</u>	<u>0</u>	<u>161,003</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Acquisition of Capital Assets	(99,434)	0	(99,434)
Net Cash Used for Capital and Related Financing Activities	<u>(99,434)</u>	<u>0</u>	<u>(99,434)</u>
<b>Cash Flows from Investing Activities:</b>			
Investment Earnings	9,919	24,649	34,568
Net Cash Provided (Used) by Investing Activities	<u>9,919</u>	<u>24,649</u>	<u>34,568</u>
Net Increase (Decrease) in Cash and Cash Equivalents	16,599	(14,901)	1,698
Cash and Cash Equivalents at Beginning of Year	407,004	946,245	1,353,249
Cash and Cash Equivalents at End of Year	<u>\$423,603</u>	<u>\$931,344</u>	<u>\$1,354,947</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>			
Operating Income (Loss)	(\$226,028)	(\$14,901)	(\$240,929)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>			
Depreciation	92,770	0	92,770
Donated Commodities Used	18,954	0	18,954
Investment Earnings	0	(24,649)	(24,649)
<b>Changes in Assets and Liabilities:</b>			
(Increase) Decrease in Materials & Supplies Inventory	275	0	275
Increase (Decrease) in Accounts Payable	(1,823)	0	(1,823)
Increase (Decrease) in Accrued Wages & Benefits	60,508	0	60,508
Increase (Decrease) in Compensated Absences Payable	1,020	0	1,020
Increase (Decrease) in Deferred Revenue	(565)	0	(565)
Net Cash Provided (Used) by Operating Activities	<u>(\$54,889)</u>	<u>(\$39,550)</u>	<u>(\$94,439)</u>
<b>Reconciliation of Non-Expendable Trust Fund to Balance Sheet:</b>			
Cash and Investments - All Fiduciary Funds		\$1,133,263	
Cash and Investments - Expendable Trust and Agency Fund		<u>201,919</u>	
Cash and Investments - Non-Expendable Trust Fund		<u>\$931,344</u>	

See accompanying notes.

**This page intentionally left blank.**



**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE A - 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 26th largest of all 616 districts in Ohio in terms of student enrollment, with 8,102 students for the 2001-02 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).

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

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

**THE REPORTING ENTITY**

The reporting entity is comprised of the primary government. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. Potential component units were considered for inclusion in the District's financial statements. 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 appointed a voting majority of the organization's governing body AND (a) was able to impose its will on that organization OR (b) there was a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District.
2. The organization was fiscally dependent upon the District.
3. The nature of the relationship between the District and the organization is such that exclusion from the financial reporting entity would render the financial statements misleading.

The District included no component units in the financial statements.

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**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/retained earnings, revenues, and expenditures or expenses, as appropriate. The following fund types and account groups are used by the District:

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except 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, with related costs, and for the payment of 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 facilities (other than those financed by Proprietary Funds).

Proprietary Fund Type:

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 District's Proprietary Fund Type is:

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

Enterprise Funds

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

Fiduciary Fund Type:

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 funds include Expendable Trust, Non-expendable Trust and Agency funds. Expendable Trust Funds are accounted for in essentially the same manner as Governmental Funds. Non-expendable Trust Funds are accounted for in essentially the same manner as Proprietary Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

General Fixed Assets Account Group (GFAAG)

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

General Long-Term Obligations Account Group (GLTOAG)

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

**MEASUREMENT FOCUS/BASIS OF ACCOUNTING**

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

Proprietary Fund Type and Non-expendable Trust Funds are accounted for on a cost of services, or "economic resources" measurement focus. Proprietary Fund Types and Non-expendable Trust Funds income statements represent increases and decreases in net total assets.

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**Basis of Accounting:** The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. Under this basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after fiscal year end. Revenue accrued at the end of the fiscal year includes property taxes available for advance, interest, tuition, and state and federal grants. Accrued available for advance property taxes receivable represent taxes outstanding and measurable at June 30, 2002. Property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2002.

Although property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002, was \$7,577,000 and is recognized as revenue. The amount available for advance at June 30, 2001, was \$5,933,700.

Expenditures are recognized in the period in which the related fund liability is incurred, except for interest on long-term debt, which is recorded when due.

Proprietary Funds and Non-expendable Trust Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

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.

**BUDGETARY DATA**

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

- (1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- (2) Expenditures are recorded when encumbered or paid in cash (budget), as opposed to when susceptible to accrual (GAAP).

The actual results of operations compared to the final appropriation, which includes amendments to the original appropriation for each fund type by expenditure function and revenue by source, are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance-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 shown in the budget amounts to actual comparisons.

The District is required by state statute to adopt an annual appropriated budget for all fund types except Agency Funds. The specific timetable is as follows:

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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

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

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

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate.

By October 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Appropriation resolutions 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 a function, 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 re-allocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during the current fiscal year and none were significant.

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

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

During fiscal year 2002, the original appropriation measure was amended, as follows:

FUND TYPE	AMENDMENTS
General Fund	\$(2,164,838)
Special Revenue	(916,221)
Debt Service	(3,167)
Capital Projects	(212,480)
Enterprise	(543,618)
Expendable Trust	(40,134)
Non-expendable Trust	(450)
Agency	(51,333)

**ENCUMBRANCES**

Encumbrance accounting is utilized for 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.

Governmental Fund type encumbrances outstanding at fiscal year end appear as a reserve of the fund balance on a GAAP basis, and as the equivalent of expenditures/expenses on a non-GAAP budgetary basis to demonstrate legal compliance.

**CASH AND INVESTMENTS**

Cash received by the District is deposited into one of three bank accounts, with individual fund balance integrity maintained throughout. Under existing Ohio statutes, all investment earnings accrue to the General Fund, except those specifically related to agency funds, employee benefits, and certain trust funds individually authorized by Board resolution. Investment earnings are allocated to these funds based on average monthly cash balances. Interest earnings for fiscal year 2002, excluding Trust and Agency funds, totaled \$890,663.

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

During fiscal year 2002, investments were limited to STAR Ohio. Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices.

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

Restricted Assets

Restricted assets in the General Fund represent cash and investments set aside to establish a textbooks, capital maintenance, and budget stabilization reserve. A fund balance reserve has also been established. See Note N for additional information regarding these reserves.

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

Inventory

Inventory is valued at cost using the FIFO (first-in-first-out) method. Proprietary Fund inventories are recorded as expenses when use.

**FIXED ASSETS AND DEPRECIATION**

General Fixed Assets Account Group (GFAAG)

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group (GFAAG). Donated fixed assets are recorded at fair market value as of the date donated. No depreciation is recognized for assets in the GFAAG. The District does not possess any infrastructure.

Proprietary Funds

Property, plant and equipment reported 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 fair market value as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

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

Interfund Transactions

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

1. Routine transfers of resources from one fund to another fund, through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction of expenditures/expenses in the reimbursed fund.
3. 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 had no long-term advances at the current year end.

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**COMPENSATED ABSENCES**

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:

Vacation:

	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
<u>How Earned</u>	Not eligible	25 days at start of each contract year	5-20 days for each service year, depending on the length of service
<u>Maximum Accumulation</u>	Not applicable	37.5 days; can be paid for 5 days at year end	30 days
<u>Vested</u>	Not applicable	As earned	As earned
<u>Termination Entitlement</u>	Not applicable	Paid upon termination	Paid upon termination

Sick leave:

	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
<u>How Earned</u>	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)
<u>Maximum Accumulation</u>	252 days	300 days	247 days
<u>Vested</u>	As earned	As earned	As earned
<u>Termination Entitlement</u>	Per contract	Per contract	Per contract

Compensated absences are accrued as they are earned by employees if both of the following conditions are met:

1. The employees' 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.



**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

Compensated absences that are not expected to be liquidated with expendable available financial resources are reported in the GLTOAG. Compensated absences of Proprietary Funds are recorded as an expense and liability of the respective Proprietary Fund.

**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 GLTOAG. Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.

**FUND EQUITY**

Reserved fund balances indicate that a portion of fund equity is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, property tax advances, inventory, endowments, and state-mandated and Board approved set-asides. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriations under state statute. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purpose of those funds.

**PROPRIETARY FUND ACCOUNTING**

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

**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 does not present financial position, results of operations, or changes in principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**CONTRIBUTED CAPITAL**

Contributed capital represents resources from other funds provided to Proprietary Funds prior to July 1, 2000, that is not subject to repayment. These assets are recorded at fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investment pool used by all funds. Each fund's portion of this pool is displayed on the Combined Balance Sheet as "Equity in Pooled Cash and Investments."

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

Active Monies

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

Inactive Monies

Those monies not required for use within the current two year period of designated depositories.

Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, as savings or deposit accounts, including but not limited to passbook accounts.

Interim Monies

Those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury, or any other obligations 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 grant securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short-selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the, 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.

At the end of the year, the carrying amount of the District's deposits was \$6,916,780. The bank balance of deposits was \$7,685,548. Of the bank balance, \$400,000 was covered by Federal depository insurance; the remaining balance was covered by collateral held by third party trustees pursuant to Section 135.282, Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year end. CATEGORY 1 includes investments that are issued or registered 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 its department or agent, but not in the District's name.

<u>INVESTMENTS</u>	<u>RISK CATEGORY</u>	<u>FAIR VALUE</u>
STAR Ohio	(a)	\$ 25,909,091

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

Ohio Revised Code, Chapter 134, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 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.

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**NOTE C - INTERFUND RECEIVABLES/PAYABLES**

Interfund balances at June 30, 2002, consisted of the following individual fund receivables and payables:

Short-Term Interfund Loans

<u>FUND</u>	<u>INTERFUND LOAN RECEIVABLE</u>	<u>INTERFUND LOAN PAYABLE</u>
General Fund	\$ 13,000	
Special Revenue	<u>0</u>	<u>\$13,000</u>
<b>TOTAL ALL FUNDS</b>	<u>\$ 13,000</u>	<u>\$13,000</u>

**NOTE D - PROPERTY TAXES**

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2001 were based are as follows:

Agricultural/Residential Real Estate	\$ 840,974,750
Commercial/Industrial Real Estate	88,174,200
Public Utility Real Estate	24,020
Public Utility Personal	32,664,360
Tangible Personal	<u>29,364,690</u>
	<u>\$ 991,202,020</u>

In 2002, real property taxes were levied in April 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 \$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 1/2 of 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. Amounts available for advance at June 30th are recorded as tax revenue for the current fiscal year.

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**NOTE E - FIXED ASSETS**

A summary of the changes in the General Fixed Assets Account Group (GFAAG) during fiscal year 2002 is as follows:

<u>Asset</u>	<u>Balance July 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2002</u>
Land & Improvements	\$ 2,604,011	0	\$ 0	\$ 2,604,011
Building and Bldg. Improvements	30,831,476	2,523,953	-0-	3,355,429
Construction in Progress	2,015,622	1,468,029	(\$2,015,622)	1,468,029
Furniture/Equipment	<u>13,404,542</u>	<u>1,906,295</u>	<u>-0-</u>	<u>5,310,837</u>
Total	<u>\$ 48,855,651</u>	<u>\$ 5,898,277</u>	<u>(\$2,015,622)</u>	<u>\$52,738,306</u>

A summary of the Proprietary Fund fixed assets at June 30, 2002 follows:

Furniture and Equipment	\$1,519,837
Less Accumulated Depreciation	<u>907,738</u>
Net Fixed Assets - Proprietary Fund	<u>\$ 612,099</u>

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**NOTE F - CHANGES IN THE GENERAL LONG TERM OBLIGATIONS ACCOUNT GROUP (GLTOAG)**

During fiscal year 2002, the following changes occurred in liabilities reported in the GLTOAG. Compensated absences will be paid from the fund which the employee is paid.

<u>Description</u>	<u>Balance Beginning</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance End of Year</u>
Energy Conservation Note	\$ 333,473	\$ 0	\$124,680	\$ 208,793
Accrued Wages & Benefits	396,194	0	106,548	289,646
Compensated Absences	2,183,929	199,135	0	2,383,064
Bonds Payable	49,975,000	0	635,000	49,340,000
Arbitrage Payable	130,347	0	130,347	0
Capital Lease Obligations	0	1,067,042	446,863	561,256
Loans Payable	0	3,300,000	0	3,300,000
Total	<u>\$53,018,943</u>	<u>\$ 4,566,177</u>	<u>\$1,443,438</u>	<u>\$56,082,759</u>

Debt service requirements to maturity for the energy conservation note and bonds payable are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2003	885,247	2,694,431
2004	958,626	2,652,401
2005	1,030,000	2,607,753
2006	1,175,000	2,556,753
2007	1,350,000	2,497,121
Thereafter	<u>44,149,920</u>	<u>28,303,147</u>
Total	<u>\$49,548,793</u>	<u>\$41,311,606</u>

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**NOTE G - SEGMENT INFORMATION**

Enterprise Funds

The District maintains three Enterprise Funds to account for the operations of Food Service, Uniform School Sales, and an Adult Education program. 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.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education Program</u>	<u>Total</u>
Operating Revenues	\$ 2,078,416	\$13,331	\$149,337	\$2,241,084
Operating Expenses before Depreciation	2,217,680	13,363	143,299	2,374,342
Depreciation	92,770	0	0	92,770
Operating Income (Loss)	(232,034)	( 32)	6,038	(226,028)
Operating Grants & other non-operating revenue (expenses)	121,973	0	67,903	189,876
Net Income (Loss) before operating transfers	(110,061)	(32)	73,941	(36,152)
Net Income (Loss)	(110,061)	(32)	73,941	(36,152)
Fixed Asset Additions	79,620	0	0	79,620
Contributed Capital	646,705	0	0	646,705
Net Working Capital	739,712	1,979	120,269	861,960
Total Assets	925,255	1,979	120,269	1,047,503
Total Liabilities	185,543	0	0	185,543
Total Equity	739,712	1,979	120,269	861,960

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**NOTE H - DEFINED BENEFIT PENSION PLANS**

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan member 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, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2002, 9.79 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal year ended June 30, 2002, 2001, and 2000 were \$986,508, \$909,582, and \$806,976 respectively; 49.7 percent has been contributed for fiscal year 2002 and 100 percent for fiscal year 2001 and 2000. \$289,646, representing the unpaid contribution for fiscal year 2002, is recorded as an accrued wages and benefits liability in the respective funds and the GLTOAG.

B. State Teachers Retirement System

The District participates in 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 basis retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 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. Prior to July 1, 1997, the portion to fund pension obligations was 12 percent. 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 contributions for pension obligations to STRS for the fiscal year ended June 30, 2002, 2001, and 2000 were \$3,866,580 and \$3,667,212, and \$3,349,416, respectively; 82.9 percent has been contributed for fiscal year 2002 and 100 percent for fiscal year 2001 and 2000. \$661,700, representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds.



**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

POST EMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Retirement Board allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. The Health Care Reserve Allocation for the year ended June 30, 2002 will be 4.5% of covered payroll.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the fund was \$3.256 billion at June 30, 2001. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible recipients.

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 minimum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.80% of covered payroll, an increase from 8.45% for fiscal year 2001. 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 the fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2001 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.

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**NOTE I - BUDGETARY BASIS OF ACCOUNTING**

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

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

<u>Governmental Fund</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>
GAAP Basis	\$2,980,849	(\$185,265)	\$781,494	\$836,977
Net Adjustments for Revenue Accruals	(676,490)	10,870	(98,600)	(119,793)
Net Adjustment for Expenditure Accruals	408,578	83,454	0	(7,236)
Encumbrances	<u>(598,916)</u>	<u>(202,160)</u>	<u>0</u>	<u>(1,888,221)</u>
Budgetary Basis	\$2,114,021	(\$293,101)	\$682,894	(\$1,178,273)

**NOTE J - 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 agreement and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District on June 30, 2002.

Litigation

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

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**NOTE K - 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 lead 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.

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.

**NOTE L - 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	Indiana Insurance Company
Property	Nationwide Insurance Company
General Liability	Indiana Insurance Company

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.

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**NOTE M – 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.

**NOTE N – STATUTORY RESERVES**

The District is required by state law to set aside certain defined General Fund revenue amounts for a Textbook and Capital Maintenance Reserve. A Budget Stabilization Reserve is no longer required by Ohio law, but the District continues to maintain that reserve based upon approval of the Board. During the fiscal year ended June 30, 2002, the reserve activity (cash-basis) was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, July 1, 2001	\$0	\$0	\$680,716
Required Set-Aside	\$967,747	\$967,747	0
Offset Credits	(45,711)	0	0
Qualifying Expenditures	(\$1,557,951)	(1,629,653)	0
	<hr/>	<hr/>	<hr/>
Total	(\$635,915)	(\$661,906)	\$680,716
Carried Forward to FY 2003	\$0	\$0	\$680,716

Expenditures for textbook activity during the year totaled \$1,557,951, which exceeded the amount required for the set-aside.

Expenditures for capital activity during the year totaled \$1,629,653, which exceeded the amount required for the set-aside.

**NOTE O – CONTRIBUTED CAPITAL**

Contributed capital summarized by source is as follows:

Contributed Capital, July 1, 2001 and June 30, 2002	<u>Food Service</u> <u>\$646,705</u>
--	---

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**NOTE P – JOINT VENTURE**

*Oak Hills Local School District Administrative Building/Professional Development Center/ Delhi Township Fire Station*

The District is a participant in a joint venture with Delhi Township, Hamilton County, Ohio, in the ownership of a building/professional development center/fire station.

The organization was formed in 2001 for the purpose of sharing ownership of the facility. Construction was completed in July of 2001 and the District took occupancy in August of 2001. The District has an interest that is measurable in that the joint venture agreement stipulates that the District will own and occupy 60% of the facility.

**NOTE Q – CAPITAL LEASE LIABILITIES**

During the fiscal year, the District entered into a lease for computers. These computers have been capitalized in the amount of \$1,067,042 in the General Fixed Assets Account Group (GFAAG) with a corresponding liability recorded in the General Long-term Obligations Account Group (GLTOAG).

The lease meets the criteria of a capital lease, as define by Financial Accounting Standards Board Statement No. 13, "Accounting for Leases," which generally defines a capital lease as one that transfers benefits and risks of ownership to the lessee at the end of the lease term. Capital lease payments are paid out of the Debt Service Fund.

The following is a schedule of future minimum lease payments required under the capital lease, and the present value of the net minimum lease payments:

Fiscal Year	<u>Payments</u>
<u>Ending</u>	
2003	\$461,000
2004	72,521
2005	<u>72,521</u>
Total Lease Payments	\$606,042
Less Amount Representing Interest	<u>44,786</u>
Capital Lease Liability	<u>\$561,256</u>

**NOTE R – LOAN PAYABLE**

During the fiscal year, the District entered into a \$3.3 million loan payable to the Rickenbacker Port Authority, Ohio, (the Port Authority). The proceeds of the loan have been recorded in the District's financial statements and are to be used for various capital asset acquisitions. The District has capitalized buildings and construction-in-progress in the GFAAG related to this 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:

OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)

**NOTE R – LOANS PAYABLE (Continued)**

<u>Fiscal Year</u> <u>Ending</u>	<u>Payments</u>
2003	\$ 149,545
2004	<u>3,437,182</u>
Total Loan Payments	\$3,586,727
Less Amount Representing Interest and Executory Costs	<u>286,727</u>
June 30, 2002 Loan Liability	<u>\$3,300,000</u>

**NOTE S – ARBITRAGE REBATE LIABILITY**

In July of 1997, the District issued \$45,677,000 of Bond Anticipation Notes, at a yield of 4.35% for the purpose of constructing additions to the high school, renovating existing buildings, and acquiring technology for classroom instruction. At that time, Bond Counsel confirmed an arbitrage rebate liability. The liability was paid off in fiscal year 2002.

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**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	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	\$16,816	\$0	\$16,816
National School Lunch Program	04-PU	10.555	50,916	0	50,916	0
School Breakfast Program	05-PU	10.553	2,557	0	2,557	0
Special Milk Program	02-PU	10.556	39,502	0	39,502	0
Total Child Nutrition Cluster			<u>92,975</u>	<u>16,816</u>	<u>92,975</u>	<u>16,816</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>92,975</u></b>	<b><u>16,816</u></b>	<b><u>92,975</u></b>	<b><u>16,816</u></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	535,007	0	604,574	0
Special Education - Preschool Grant	PG-S1 & PG-SC	84.173	23,637	0	20,774	0
Total Special Education Cluster			<u>558,644</u>	<u>0</u>	<u>625,348</u>	<u>0</u>
Grants to Local Educational Agencies (Title I)	C1-S1	84.010	330,261	0	344,841	0
Safe and Drug-Free Schools and Communities: State	DR-S1	84.186	22,119	0	37,105	0
Innovative Education Program Strategies (Title VI)	C2-S1	84.298	54,589	0	49,360	0
Classroom Size Reduction (Title VI R)	CR-S1	84.340	140,809	0	157,003	0
Eisenhower Professional Development State Grants	MS-S1	84.281	13,380	0	9,031	0
School Renovation, IDEA and Technology	n/a	84.352A	10,415	0	9,271	0
Comprehensive School Reform Grant	RF-S1	84.332A	61,507	0	77,239	0
<b>Total U.S. Department of Education</b>			<b><u>1,191,724</u></b>	<b><u>0</u></b>	<b><u>1,309,198</u></b>	<b><u>0</u></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	57,260	0	57,260	0
<b>Total U.S. Department of Health &amp; Human Services</b>			<b><u>57,260</u></b>	<b><u>0</u></b>	<b><u>57,260</u></b>	<b><u>0</u></b>
<b>Totals</b>			<b><u>\$1,341,959</u></b>	<b><u>\$16,816</u></b>	<b><u>\$1,459,433</u></b>	<b><u>\$16,816</u></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  
FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Government's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B -- FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS 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 year ended June 30, 2002, and have issued our report thereon dated December 26, 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.

**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 December 26, 2002.

**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 26, 2002.

Oak Hills Local School District  
Hamilton County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized loop at the end.

**Jim Petro**  
Auditor of State

December 26, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

250 West Court Street  
Suite 150 E  
Cincinnati, Ohio 45202  
Telephone 513-361-8550  
800-368-7419  
Facsimile 513-361-8577  
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS 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 programs for the year ended June 30, 2002. 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 each of 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 each of its major federal programs 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.

Oak Hills Local School District  
Hamilton County  
Report of Independent Accountants on Compliance with Requirements  
Applicable to Major Federal Programs and Internal Control Over  
Compliance in Accordance with OMB Circular A-133  
Page 2

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

December 26, 2002

**OAK HILLS LOCAL SCHOOL DISTRICT  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2002**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Grants to Local Educational Agencies (Title I), CFDA 84.010; and Class Size Reduction Grant (Title VI-R), CFDA 84.340.
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	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.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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

**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  
JANUARY 9, 2003**