



**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Dover City School District
Tuscarawas County
219 West 6th Street
Dover, Ohio 44622

To the Board of Education:

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

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

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

As discussed in Note 3 to the general purpose financial statements, certain errors, resulted in the restatement of retained earnings for the Enterprise Funds and the beginning fixed asset balance for the General Fixed Assets Account Group as of July 1, 1999.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2000, 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.

Dover City School District
Tuscarawas County
Report of Independent Accountants
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The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of 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 not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 5, 2000

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DOVER CITY SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,116,973	\$ 431,665	\$ 303,510	\$ 46,318
Restricted Cash and Cash Equivalents	201,108	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Investments	1,000,000	0	0	0
Receivables:				
Taxes	8,452,547	0	823,990	86,897
Accounts	13,265	3,606	0	0
Interfund	203,115	0	49,531	0
Accrued Interest	16,651	0	0	0
Intergovernmental	6,050	191,368	0	0
Inventory	0	0	0	0
Due From Other Funds	17,146	0	0	0
Fixed Assets (Net)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$ 12,026,855	\$ 626,639	\$ 1,177,031	\$ 133,215
<u>Liabilities</u>				
Accounts Payable	\$ 127,664	\$ 58,984	\$ 0	\$ 2,626
Contracts Payable	16,438	0	0	0
Accrued Wages and Benefits	1,725,765	47,892	0	0
Compensated Absences Payable	247,394	0	0	0
Interfund Payable	0	196,915	0	49,531
Intergovernmental Payable	290,348	1,680	0	0
Deferred Revenue	6,512,111	0	634,828	66,948
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Due to Other Funds	0	17,146	0	0
Capital Lease Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	8,919,720	322,617	634,828	119,105
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings: Unreserved	0	0	0	0
Fund Balance:				
Reserved for Endowment	0	0	0	0
Reserved for Encumbrances	231,074	28,445	0	20,637
Reserved for Budget Stabilization	201,108	0	0	0
Reserved for Taxes Unavailable for Appropriation	1,940,436	0	189,162	19,949
Unreserved: Undesignated	734,517	275,577	353,041	(26,476)
Total Fund Equity and Other Credits	3,107,135	304,022	542,203	14,110
Total Liabilities, Fund Equity and Other Credits	\$ 12,026,855	\$ 626,639	\$ 1,177,031	\$ 133,215

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 131,850	\$ 300	\$ 199,829	\$ 0	\$ 0	\$ 3,230,445
0	0	0	0	0	201,108
0	1,322,520	0	0	0	1,322,520
0	0	13,394	0	0	1,013,394
0	0	0	0	0	9,363,434
63	0	422	0	0	17,356
0	0	0	0	0	252,646
0	0	0	0	0	16,651
479	0	0	0	0	197,897
10,493	0	0	0	0	10,493
0	0	0	0	0	17,146
85,130	0	0	17,793,181	0	17,878,311
0	0	0	0	542,203	542,203
0	0	0	0	8,425,000	8,425,000
0	0	0	0	517,071	517,071
<u>\$ 228,015</u>	<u>\$ 1,322,820</u>	<u>\$ 213,645</u>	<u>\$ 17,793,181</u>	<u>\$ 9,484,274</u>	<u>\$ 43,005,675</u>
\$ 70	\$ 0	\$ 5,782	\$ 0	\$ 0	\$ 195,126
0	0	0	0	0	16,438
45,625	0	0	0	0	1,819,282
16,767	0	0	0	936,837	1,200,998
5,000	0	1,200	0	0	252,646
21,288	0	0	0	113,787	427,103
5,940	0	0	0	0	7,219,827
0	0	56,177	0	0	56,177
0	198,454	0	0	0	198,454
0	0	0	0	0	17,146
0	0	0	0	8,650	8,650
0	0	0	0	8,425,000	8,425,000
<u>94,690</u>	<u>198,454</u>	<u>63,159</u>	<u>0</u>	<u>9,484,274</u>	<u>19,836,847</u>
0	0	0	17,793,181	0	17,793,181
133,325	1,124,366	0	0	0	1,257,691
0	0	48,000	0	0	48,000
0	0	0	0	0	280,156
0	0	0	0	0	201,108
0	0	0	0	0	2,149,547
0	0	102,486	0	0	1,439,145
<u>133,325</u>	<u>1,124,366</u>	<u>150,486</u>	<u>17,793,181</u>	<u>0</u>	<u>23,168,828</u>
<u>\$ 228,015</u>	<u>\$ 1,322,820</u>	<u>\$ 213,645</u>	<u>\$ 17,793,181</u>	<u>\$ 9,484,274</u>	<u>\$ 43,005,675</u>

DOVER CITY SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances*

All Governmental Fund Types and Expendable Trust Funds

For the Year Ended June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 8,657,721	\$ 0	\$ 769,564	\$ 84,207
Intergovernmental	5,992,351	655,542	78,492	6,926
Investment Income	290,740	0	0	0
Tuition and Fees	138,620	0	0	0
Extracurricular Activities	75	212,040	0	0
Miscellaneous	316,826	108,680	0	0
Total Revenues	15,396,333	976,262	848,056	91,133
Expenditures				
Instruction:				
Regular	7,662,093	94,844	0	0
Special	1,283,786	138,628	0	721
Vocational	135,807	1,001	0	0
Other	291,912	60,655	0	0
Support Services:				
Pupils	597,026	42,679	0	0
Instructional Staff	835,332	143,666	0	62,512
Board of Education	103,509	0	0	0
Administration	1,333,221	22,638	0	0
Fiscal	341,393	0	14,204	1,589
Operation and Maintenance of Plant	1,786,470	16,585	0	53,999
Pupil Transportation	559,585	0	0	0
Operation of Non-Instructional Services	0	126,849	0	0
Extracurricular Activities	337,803	273,058	0	0
Capital Outlay	8,650	0	0	0
Debt Service:				
Principal Retirement	0	0	280,000	0
Interest and Fiscal Charges	0	0	526,862	0
Total Expenditures	15,276,587	920,603	821,066	118,821
Excess of Revenues Over (Under) Expenditures	119,746	55,659	26,990	(27,688)
Other Financing Sources (Uses)				
Proceeds from Sales of Fixed Assets	11,851	0	0	0
Proceeds from Inception of Capital Lease	8,650	0	0	0
Transfers In	5,548	18,415	0	0
Transfers Out	(143,415)	(5,548)	0	0
Total Other Financing Sources (Uses)	(117,366)	12,867	0	0
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,380	68,526	26,990	(27,688)
Fund Balances at Beginning Of Year	3,104,755	235,496	515,213	41,798
Fund Balances at End of Year	\$ 3,107,135	\$ 304,022	\$ 542,203	\$ 14,110

The accompanying notes are an integral part of these financial statements.

Fiduciary Fund Type	Totals (Memorandum Only)
Expendable Trust	
\$ 0	\$ 9,511,492
0	6,733,311
2,453	293,193
0	138,620
0	212,115
5,650	431,156
<u>8,103</u>	<u>17,319,887</u>
0	7,756,937
0	1,423,135
0	136,808
0	352,567
0	639,705
0	1,041,510
0	103,509
0	1,355,859
0	357,186
0	1,857,054
0	559,585
6,250	133,099
0	610,861
0	8,650
0	280,000
0	526,862
<u>6,250</u>	<u>17,143,327</u>
1,853	176,560
0	11,851
0	8,650
0	23,963
0	(148,963)
<u>0</u>	<u>(104,499)</u>
1,853	72,061
<u>89,321</u>	<u>3,986,583</u>
<u>\$ 91,174</u>	<u>\$ 4,058,644</u>

DOVER CITY SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual - (Non-GAAP Budgetary Basis)*

All Governmental Fund Types and Expendable Trust Funds

For the Year Ended June 30, 2000

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 8,598,000	\$ 8,602,193	\$ 4,193
Intergovernmental	6,002,730	6,005,036	2,306
Investment Income	252,000	274,089	22,089
Tuition and Fees	133,069	136,086	3,017
Extracurricular Activities	0	0	0
Miscellaneous	194,500	203,421	8,921
Total Revenues	15,180,299	15,220,825	40,526
Expenditures			
Instruction			
Regular	7,559,288	7,525,118	34,170
Special	1,304,079	1,276,665	27,414
Vocational	123,700	115,135	8,565
Other	300,000	288,914	11,086
Support Services			
Pupils	648,496	611,458	37,038
Instructional Staff	891,373	865,930	25,443
Board of Education	105,477	104,405	1,072
Administration	1,334,907	1,329,687	5,220
Fiscal	337,055	325,089	11,966
Operation and Maintenance of Plant	1,903,513	1,899,004	4,509
Pupil Transportation	570,482	564,861	5,621
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	340,290	338,736	1,554
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	15,418,660	15,245,002	173,658
Excess of Revenues Over (Under) Expenditures	(238,361)	(24,177)	214,184
Other Financing Sources (Uses)			
Proceeds from Sale of Assets	10,900	11,851	951
Refund of Prior Year Expenditures	105,000	105,401	401
Refund of Prior Year Receipts	0	0	0
Advances In	41,000	41,505	505
Advances Out	(244,691)	(244,620)	71
Operating Transfers In	5,000	5,548	548
Operating Transfers Out	(500)	(319)	181
Total Other Financing Sources (Uses)	(83,291)	(80,634)	2,657
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(321,652)	(104,811)	216,841
Fund Balances at Beginning of Year	2,899,589	2,899,589	0
Prior Year Encumbrances Appropriated	197,684	197,684	0
Fund Balances at End of Year	\$ 2,775,621	\$ 2,992,462	\$ 216,841

The accompanying notes are an integral part of these financial statements.

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 751,259	\$ 751,267	\$ 8
464,174	464,174	0	78,500	78,492	(8)
0	0	0	0	0	0
0	0	0	0	0	0
208,473	208,784	311	0	0	0
108,216	108,330	114	0	0	0
<u>780,863</u>	<u>781,288</u>	<u>425</u>	<u>829,759</u>	<u>829,759</u>	<u>0</u>
132,832	112,197	20,635	0	0	0
210,879	147,316	63,563	0	0	0
1,001	1,001	0	0	0	0
68,333	61,166	7,167	0	0	0
60,649	42,780	17,869	0	0	0
161,373	124,707	36,666	0	0	0
0	0	0	0	0	0
23,235	22,638	597	0	0	0
0	0	0	16,593	14,204	2,389
23,108	16,585	6,523	0	0	0
0	0	0	0	0	0
174,048	132,613	41,435	0	0	0
298,184	278,409	19,775	0	0	0
0	0	0	280,000	280,000	0
0	0	0	526,862	526,862	0
<u>1,153,642</u>	<u>939,412</u>	<u>214,230</u>	<u>823,455</u>	<u>821,066</u>	<u>2,389</u>
<u>(372,779)</u>	<u>(158,124)</u>	<u>214,655</u>	<u>6,304</u>	<u>8,693</u>	<u>2,389</u>
0	0	0	0	0	0
0	0	0	0	0	0
(2,728)	(2,728)	0	0	0	0
238,420	238,420	0	0	0	0
(41,505)	(41,505)	0	0	0	0
35,319	319	(35,000)	0	0	0
(64,548)	(5,548)	59,000	0	0	0
<u>164,958</u>	<u>188,958</u>	<u>24,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
(207,821)	30,834	238,655	6,304	8,693	2,389
288,127	288,127	0	294,224	294,224	0
28,151	28,151	0	593	593	0
<u>\$ 108,457</u>	<u>\$ 347,112</u>	<u>\$ 238,655</u>	<u>\$ 301,121</u>	<u>\$ 303,510</u>	<u>\$ 2,389</u>

(Continued)

DOVER CITY SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual - Budgetary Basis*
All Governmental Fund Types and Expendable Trust Funds (Continued)
 For the Year Ended June 30, 2000

	Capital Project Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 82,095	\$ 82,091	\$ (4)
Intergovernmental	6,921	6,926	5
Investment Income	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	0
Total Revenues	89,016	89,017	1
Expenditures			
Instruction			
Regular	989	933	56
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services			
Pupils	0	0	0
Instructional Staff	62,512	62,512	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	1,695	1,589	106
Operation and Maintenance of Plant	74,696	74,424	272
Pupil Transportation	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	139,892	139,458	434
Excess of Revenues Over (Under) Expenditures	(50,876)	(50,441)	435
Other Financing Sources (Uses)			
Proceeds from Sale of Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(50,876)	(50,441)	435
Fund Balances at Beginning of Year	41,392	41,392	0
Prior Year Encumbrances Appropriated	32,104	32,104	0
Fund Balances at End of Year	\$ 22,620	\$ 23,055	\$ 435

The accompanying notes are an integral part of these financial statements.

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 9,431,354	\$ 9,435,551	\$ 4,197
0	0	0	6,552,325	6,554,628	2,303
2,452	2,453	1	254,452	276,542	22,090
0	0	0	133,069	136,086	3,017
0	0	0	208,473	208,784	311
5,650	5,650	0	308,366	317,401	9,035
8,102	8,103	1	16,888,039	16,928,992	40,953
0	0	0	7,693,109	7,638,248	54,861
0	0	0	1,514,958	1,423,981	90,977
0	0	0	124,701	116,136	8,565
0	0	0	368,333	350,080	18,253
0	0	0	709,145	654,238	54,907
0	0	0	1,115,258	1,053,149	62,109
0	0	0	105,477	104,405	1,072
0	0	0	1,358,142	1,352,325	5,817
0	0	0	355,343	340,882	14,461
0	0	0	2,001,317	1,990,013	11,304
0	0	0	570,482	564,861	5,621
34,900	6,250	28,650	208,948	138,863	70,085
0	0	0	638,474	617,145	21,329
0	0	0	280,000	280,000	0
0	0	0	526,862	526,862	0
34,900	6,250	28,650	17,570,549	17,151,188	419,361
(26,798)	1,853	28,651	(682,510)	(222,196)	460,314
0	0	0	10,900	11,851	951
0	0	0	105,000	105,401	401
0	0	0	(2,728)	(2,728)	0
0	0	0	279,420	279,925	505
0	0	0	(286,196)	(286,125)	71
0	0	0	40,319	5,867	(34,452)
0	0	0	(65,048)	(5,867)	59,181
0	0	0	81,667	108,324	26,657
(26,798)	1,853	28,651	(600,843)	(113,872)	486,971
89,321	89,321	0	3,612,653	3,612,653	0
0	0	0	258,532	258,532	0
\$ 62,523	\$ 91,174	\$ 28,651	\$ 3,270,342	\$ 3,757,313	\$ 486,971

DOVER CITY SCHOOL DISTRICT

*Combined Statement of Revenues,
Expenses, and Changes in Fund Equity*

All Proprietary Fund Types and Nonexpendable Trust Funds

For the Year Ended June 30, 2000

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
<u>Operating Revenues</u>				
Sales	\$ 381,192	\$ 0	\$ 0	\$ 381,192
Charges for Services	25,816	1,290,864	0	1,316,680
Investment Income	0	0	5,000	5,000
Other Operating Revenues	0	0	15,394	15,394
<i>Total Operating Revenues</i>	<u>407,008</u>	<u>1,290,864</u>	<u>20,394</u>	<u>1,718,266</u>
<u>Operating Expenses</u>				
Salaries	216,485	0	0	216,485
Fringe Benefits	43,092	0	0	43,092
Purchased Services	1,534	278,306	0	279,840
Materials and Supplies	294,116	0	0	294,116
Depreciation	10,196	0	0	10,196
Claims Expenses	0	1,064,169	0	1,064,169
Other Operating Expenses	0	0	1,500	1,500
<i>Total Operating Expenses</i>	<u>565,423</u>	<u>1,342,475</u>	<u>1,500</u>	<u>1,909,398</u>
Operating Income (Loss)	<u>(158,415)</u>	<u>(51,611)</u>	<u>18,894</u>	<u>(191,132)</u>
<u>Non-Operating Revenues</u>				
Operating Grants	125,854	0	0	125,854
Donated Commodities	38,133	0	0	38,133
Investment Income	3,034	69,860	0	72,894
<i>Total Non-Operating Revenues</i>	<u>167,021</u>	<u>69,860</u>	<u>0</u>	<u>236,881</u>
Net Income Before Operating Transfers	8,606	18,249	18,894	45,749
Operating Transfers In	<u>125,000</u>	<u>0</u>	<u>0</u>	<u>125,000</u>
Net Income	133,606	18,249	18,894	170,749
Retained Earnings (Deficit)/Fund Balances at Beginning of Year Restated (See Note 3)	<u>(281)</u>	<u>1,106,117</u>	<u>40,418</u>	<u>1,146,254</u>
Retained Earnings/Fund Balances at End of Year	<u>\$ 133,325</u>	<u>\$ 1,124,366</u>	<u>\$ 59,312</u>	<u>\$ 1,317,003</u>

The accompanying notes are an integral part of these financial statements.

DOVER CITY SCHOOL DISTRICT

Combined Statement of Cash Flows

All Proprietary Fund Types and Nonexpendable Trust Funds

For the Year Ended June 30, 2000

	<u>Proprietary Fund Types</u>		<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Internal</u> <u>Service</u>	<u>Nonexpendable</u> <u>Trust</u>	
<u>Cash Flows From Operating Activities</u>				
Cash Received from Customers	\$ 407,008	\$ 1,290,864	\$ 0	\$ 1,697,872
Cash Received from Other Sources	0	0	15,394	15,394
Cash Paid for Goods and Services	(260,762)	(278,306)	(1,500)	(540,568)
Cash Paid to Employees	(291,587)	0	0	(291,587)
Cash Paid for Claims	0	(1,005,139)	0	(1,005,139)
Net Cash Provided by (Used For) Operating Activities	(145,341)	7,419	13,894	(124,028)
<u>Cash Flows From Non-Capital Financing Activities</u>				
Grants	142,949	0	0	142,949
Advances In	5,000	0	0	5,000
Net Cash Provided by Non-Capital Financing Activities	147,949	0	0	147,949
<u>Cash Flows From Investing Activities</u>				
Interest Income	3,034	69,860	5,000	77,894
Proceeds From Sale of Investments	0	0	35,000	35,000
Payments for Investments	0	0	(13,394)	(13,394)
Net Cash Provided by Investing Activities	3,034	69,860	26,606	99,500
Net Increase in Cash and Cash Equivalents	5,642	77,279	40,500	123,421
Cash and Cash Equivalents at Beginning of Year	126,208	1,245,541	5,418	1,377,167
Cash and Cash Equivalents at End of Year	\$ 131,850	\$ 1,322,820	\$ 45,918	\$ 1,500,588
<u>Reconciliation of Operating Income (Loss) to Net Cash</u> <u>Provided By (Used For) Operating Activities</u>				
Operating Income (Loss)	\$ (158,415)	\$ (51,611)	\$ 18,894	\$ (191,132)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:				
Depreciation	10,196	0	0	10,196
Interest	0	0	(5,000)	(5,000)
Non-cash Donated Commodities	38,133	0	0	38,133
(Increase) in Accounts Receivable	(63)	0	0	(63)
(Increase) in Inventory	(1,458)	0	0	(1,458)
(Decrease) in Accounts Payable	(2,269)	0	0	(2,269)
Increase in Accrued Wages and Benefits	1,061	0	0	1,061
(Decrease) in Compensated Absences Payable	(815)	0	0	(815)
(Decrease) in Intergovernmental Payable	(32,256)	0	0	(32,256)
Increase in Deferred Revenue	545	0	0	545
Increase in Claims Payable	0	59,030	0	59,030
Total Adjustments	13,074	59,030	(5,000)	67,104
Net Cash Provided by (Used For) Operating Activities	\$ (145,341)	\$ 7,419	\$ 13,894	\$ (124,028)
<u>Reconciliation of Cash and Cash Equivalents</u> <u>to the Balance Sheet</u>				
Trust and Agency	\$ 199,829			
Less: Expendable Trust Funds	91,174			
Less: Agency Funds	62,737			
Nonexpendable Trust Fund	<u>45,918</u>			

The accompanying notes are an integral part of these financial statements.

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DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Dover City School District (District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a school district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of October 1, 1999, was 2,866. The District employs 197 certificated and 94 non-certificated employees.

The reporting entity is required to be comprised of the primary government, component units and other organizations that are included to ensure that the general purpose financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to, or can otherwise access, the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provides financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District does not have any component units.

Included with the reporting entity within the District's boundaries, St. Joseph Elementary Parochial School is operated through the Columbus Catholic Diocese. Current state legislation provides state funding to this parochial school. The state monies are received and disbursed on behalf of the school by the District Treasurer, as directed by the school. The receipt and disbursement activity of these monies is reflected in a special revenue fund.

The District is involved with Ohio Mid-Eastern Regional Education (OME-RESA), Buckeye Career Center, and Tuscarawas County Tax Incentive Review Council, which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 20. The Dover Public Library is a related organization of the District, which is presented in Note 16 to the general purpose financial statements.

Management believes the general purpose financial statements included in the report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Measurement Focus, Basis of Accounting, and Basis of Presentation

The accounts of the District are organized and operated on the basis of funds and account groups to report on its' financial position and the results of operations. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The District has the following fund types and account groups:

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types and the expendable trust funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be sixty days. Generally property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred revenue until available. Reimbursements due for federally funded programs are recognized when the corresponding expenditures are made.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require use of current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to expenditure for specified purposes.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for the payment of general long-term obligation principal, interest, and related costs.

Capital Projects Funds - The 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 or nonexpendable trust funds.

Proprietary Fund Types

Proprietary fund types are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the District has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with Governmental Accounting Standards Board pronouncements. Proprietary fund types include the following fund types:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs, including depreciation where applicable, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or 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.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other governmental units, on a cost-reimbursement basis.

Fiduciary Fund Types

Fiduciary fund types account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Funds - Expendable trust funds are accounted for in essentially the same manner as the governmental fund types.

Nonexpendable Trust Funds - The nonexpendable trust funds are accounted for in essentially the same manner as the proprietary fund types.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Agency Funds – The agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the District holds for others in an agency capacity.

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 - This account group is established to account for all fixed assets of the District, other than those accounted for in proprietary or nonexpendable trust funds.

General Long-term Obligations Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or nonexpendable trust funds.

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified by the County Auditor.

All funds, other than the agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the fund function level for the general fund and at the fund level for all other funds. Budgetary modifications may only be made by resolution of the Board of Education. Budgetary statements are not presented for proprietary and nonexpendable trust funds.

C. Cash, Cash Equivalents, 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 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.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 2000, investments were limited to Certificates of Deposit, STAROhio, and a repurchase agreement. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earning. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$290,740, which includes \$59,998 assigned from other District funds.

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 2000. 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, 2000.

For purposes of the combined statement of cash flows and for presentation of 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 and cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

D. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, textbook/instruction materials reserve, and capital maintenance reserve. These reserves are required by State statute. The budget stabilization reserve can be used only after receiving approval from the State Superintendent of Public Instruction. The capital maintenance reserve and textbook/instruction materials reserve can only be used for capital outlay expenditure and instructional materials and equipment, respectively. During fiscal year 2000, the District set aside the amounts required by state statute. Fund balance reserves have also been established.

E. Receivables

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. 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.

G. Interfund Assets and Liabilities

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Short-term interfund loans are classified as “interfund receivables” and “interfund payables”.

Amounts owed to a particular fund by another fund in the District for goods or services rendered are classified as “due from other funds” and “due to other funds”.

H. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

I. Fixed Assets and Depreciation

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. The District does not possess any infrastructure.

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: equipment - 5 to 20 years. The capitalization threshold is \$500.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt service fund may be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

K. Bond Premiums and Discounts

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

M. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The entire estimated amount of unpaid compensated absences, including sick pay and vacation pay, of proprietary type funds is reflected as a liability in the respective funds. The current portion of unpaid compensated absences for sick leave related to governmental fund type operations is reflected in the respective funds. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

N. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balances indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, contributions to the nonexpendable trust fund that must be kept intact and HB412 reserves such as textbook and instructional supplies, capital improvements, and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

O. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several state and federal programs, categorized as follows:

Entitlements

General Fund:

State Foundation Program
State Property Tax Relief
School Bus Purchase Allowance
Summer Intervention

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants

Special Revenue Funds:

Auxiliary Services
Education Management Information Systems
Eisenhower Grant
Title I
Title VI
Title VI-B
Drug-Free Schools
Teacher Development Block Grant
EHA Preschool Handicapped Grant
Library Technology Grant
Continuous Improvement Grant
SchoolNet Professional Development Grant

Capital Projects Fund:

Schoolnet

Reimbursable Grants

General Fund:

Driver Education
Telecommunications Act Grant

Enterprise Funds:

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 35% of the District's operating revenue during the 2000 fiscal year.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 3: PRIOR PERIOD ADJUSTMENTS

In the prior year, fixed assets were understated in the Enterprise Fund by \$39,104.

To correct for this error, the beginning retained earnings has been restated as follows:

	<u>Enterprise</u>
Balance, as previously reported	\$ (39,385)
Understatement of fixed assets	<u>39,104</u>
Restated balance as of 7/1/99	<u>\$ (281)</u>

The General Fixed Assets Account Group was overstated by \$981,122 in the previous year. The Account Group's balance at July 1, 1999 decreased from \$18,391,392 to \$17,410,270. In fiscal year 2000, the District had a reappraisal performed which resulted in the above change in estimate.

NOTE 4: BUDGETARY PROCESS

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit a proposed operating budget to the Board of Education. A budget of estimated revenue and expenditures is submitted to the Tuscarawas County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the Official Certificate of Estimated Resources which states projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds" do not include July 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 4: BUDGETARY PROCESS (Continued)

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual Appropriation Resolution must be passed by October 1 of each year for the period July 1 to June 30. The Appropriation Resolution fixes spending authority at the fund and function level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. A supplemental appropriation resolution was legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds" represent the final appropriation amounts including all amendments and modifications.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective funds from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the generally accepted accounting principles (GAAP) basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent year expenditures.

Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balances on the GAAP basis, the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. 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) rather than when the liability is incurred (GAAP basis).

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 4: BUDGETARY PROCESS (Continued)

- 3) Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.
- 4) Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
- 5) The District repays debt from the debt service fund (budget non-GAAP basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental fund types follow:

Excess (Deficit) of Revenues Over Expenditures and Other
Sources (Uses) Reconciliation of Budget Basis to GAAP Basis

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Expendable Trust Fund</u>
Budgetary Basis	\$ (104,811)	\$ 30,834	\$ 8,693	\$ (50,441)	\$ 1,853
Encumbrances	325,619	84,553	0	23,263	0
Revenue accruals	37,252	(25,350)	18,297	2,116	0
Expenditure accruals	<u>(255,680)</u>	<u>(21,511)</u>	<u>0</u>	<u>(2,626)</u>	<u>0</u>
GAAP Basis	<u>\$ 2,380</u>	<u>\$ 68,526</u>	<u>\$ 26,990</u>	<u>\$ (27,688)</u>	<u>\$ 1,853</u>

NOTE 5: DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits 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.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Interim deposits are deposits of interim monies. Interim monies are those 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 or deposit accounts including passbook accounts.

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 or interest by the United States;
- 2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3) Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4) Bonds and any 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; and
- 6) The State Treasurer's Investment Pool (STAROhio).

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.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

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 District or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At year-end, the carrying amount of the District's deposits was \$1,221,242 which included \$200 cash on hand, and the bank balance was \$1,309,001. Of the bank balance:

1. \$274,123 was covered by federal depository insurance.
2. \$1,034,878 was uninsured and uncollateralized. Although the pledging bank has an investment and securities pool used to collateralize all public deposits which are held in the financial institution's name, noncompliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Funds Held by Fiscal Agent

The District participates in the Ohio Mid-Eastern Regional Educational Service Agency School Employees Insurance Consortium for employee benefits. The amount held at fiscal year end for the Employee Benefit Self-Insurance Fund was \$1,322,520. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

Investments

GASB Statement No. 3 entitled "Deposits with Financial Institutions, Investors (including Repurchase Agreements), and Reverse Repurchase Agreements" requires the District to categorize investments to give an indication of the level of custodial credit risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The carrying value of deposits and investments are presented in the combined balance sheet as equity in pooled cash and cash equivalents. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Repurchase Agreements		\$ 55,707	\$ 55,707
Annuity	\$ 13,394		13,394
STAROhio			<u>3,154,604</u>
Total			<u>\$ 3,223,705</u>

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classification of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 4,754,073	\$ 1,013,394
Certificate of Deposit with maturity of greater than three months	1,000,000	(1,000,000)
Investments which are part of cash management pool:		
STAROhio	(3,154,604)	3,154,604
Repurchase Agreement	<u>(55,707)</u>	<u>55,707</u>
GASB Statement No. 3	<u>\$ 2,543,762</u>	<u>\$ 3,223,705</u>

NOTE 6: PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Property tax revenue received during calendar year 2000 for real and public utility property taxes represent collections of calendar year 1999 taxes. Property tax payments received during calendar year 2000 for tangible personal property (other than public utility property) is for calendar year 2000 taxes.

2000 real property taxes are levied after April 1, 2000 on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 6: PROPERTY TAXES (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999 on the values as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	<u>1999 Second- Half Collections</u>		<u>2000 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential	\$ 147,387,250	54%	\$ 186,125,400	57%
Commercial Industrial	51,028,930	19%	65,970,490	20%
Tangible Personal Property	64,439,220	23%	64,776,245	20%
Personal Public Utility	<u>10,080,960</u>	<u>4%</u>	<u>10,035,380</u>	<u>3%</u>
Total Assessed Value	<u>\$ 272,936,360</u>	<u>100%</u>	<u>\$ 326,907,515</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation		<u>\$ 45.67</u>		<u>\$ 45.67</u>

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30, if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Tuscarawas County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000 are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 6: PROPERTY TAXES (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Dover City School District. The County Auditor periodically remits to the District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding, the late settlement of personal property taxes and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the District as an advance at June 30, 2000 was \$2,149,547.

NOTE 7: RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts (customer services and student fees), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

General Fund:		
Drivers Education Reimbursement		\$ 6,050
Special Revenue Funds:		
Title VI-B Grant		79,201
Title I Grant		65,787
Title VI Grant		10,670
Drug-Free Schools Grant		9,071
Title VI-R Grant		26,639
Enterprise Fund:		
National School Lunch Program		<u>479</u>
		<u>\$ 197,897</u>

NOTE 8: FIXED ASSETS AND DEPRECIATION

A. General Fixed Assets Account Group

The changes in general fixed assets during the year consisted of:

	Restated Balance <u>July 1, 1999</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2000</u>
Land	\$ 420,845	\$ 30,000	\$ 0	\$ 450,845
Buildings and improvements	13,736,227	293,785	0	14,030,012
Furniture and equipment	2,494,801	8,650	0	2,503,451
Vehicles	742,734	49,701	0	792,435
Construction in progress	<u>15,663</u>	<u>16,438</u>	<u>(15,663)</u>	<u>16,438</u>
	<u>\$ 17,410,270</u>	<u>\$ 398,574</u>	<u>\$ (15,663)</u>	<u>\$ 17,793,181</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 8: FIXED ASSETS AND DEPRECIATION (Continued)

B. Proprietary Fund Type Fixed Assets

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

<u>Enterprise</u>	<u>June 30, 2000</u>
Equipment	\$ 246,850
Less: Accumulated Depreciation	<u>(161,720)</u>
Net Fixed Assets	<u>\$ 85,130</u>

NOTE 9: LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during the fiscal year 2000 were as follows:

	<u>Balance July 1, 1999</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2000</u>
School Improvement Bonds, 6.25% interest rate, maturing December, 2000 to 2016	\$ 8,705,000	\$ 0	\$ (280,000)	\$ 8,425,000
Intergovernmental payable	88,466	113,787	(88,466)	113,787
Compensated absences	973,729	0	(36,892)	936,837
Capital lease payable	<u>0</u>	<u>8,650</u>	<u>0</u>	<u>8,650</u>
	<u>\$ 9,767,195</u>	<u>\$ 122,437</u>	<u>\$ (405,358)</u>	<u>\$ 9,484,274</u>

Outstanding UTGO School Improvement bonds consist of school building construction issues. Such bonds are direct obligations of the District for which the full faith, credit and resources are pledged and are payable from taxes levied on all taxable property of the District.

The District's overall legal debt margin was \$20,996,676 at June 30, 2000.

The annual requirement to amortize all bonds outstanding as of June 30, 2000 are as follows:

Year ending June 30,		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001		\$ 295,000	\$ 509,038	\$ 804,038
2002		315,000	490,127	805,127
2003		335,000	471,569	806,569
2004		355,000	453,012	808,012
2005		375,000	432,563	807,563
Thereafter		<u>6,750,000</u>	<u>2,833,437</u>	<u>9,583,437</u>
Total		<u>\$ 8,425,000</u>	<u>\$ 5,189,746</u>	<u>\$13,614,746</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 10: CAPITALIZED LEASES – LESSEE DISCLOSURE

In fiscal year 2000 the District entered into a capitalized lease for a copy machine. The 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 will be reflected as debt service in the general purpose financial statements for the governmental funds.

The general fixed assets acquired by the lease has been capitalized in the general fixed assets account group in the amount of \$8,650, which is 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 and is reduced for each required principal payment.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2000:

Year ending June 30, 2001	\$	3,761
2002		2,257
2003		2,257
2004		2,257
2005		<u>753</u>
		11,285
Less: amount representing interest		<u>2,635</u>
Present value of minimum lease payments	\$	<u>8,650</u>

NOTE 11: DEFINED BENEFIT PENSION PLANS

A. 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 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 43215-3771, or by calling (614) 227-4090.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 11: DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 10.5% was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$1,116,624, \$1,051,980 and \$1,029,456, respectively; 82.8% has been contributed for fiscal year 2000 and 100% for fiscal years 1999 and 1998. \$193,124, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

B. 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 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, 45 North Fourth Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. 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 years ended June 30, 2000, 1999 and 1998 were \$291,486, \$275,802, and \$267,156, respectively; 48.0% has been contributed for fiscal year 2000 and 100% for fiscal years 1999 and 1998. \$149,268, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, all members of the Board of Education have elected social security. The Board's liability is 6.2% of wages paid.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 12: POSTEMPLOYMENT 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 reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. Through June 30, 1999, the Board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$638,071 during fiscal 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 million at June 30, 1999. For the year ended June 30, 1999, the most current information available, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 6.30% of covered payroll, an increase from 4.98% for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984 and the target level was \$1.896 million. At June 30, 1999 SERS had net assets available for payment of health care benefits of \$1.880 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$165,603 during the 2000 fiscal year.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 13: NON-CASH TRANSACTIONS

The District receives food commodities for its food service obligations. The revenue recognized in grant income from the non-cash commodities was \$38,133.

NOTE 14: INTERFUND ACTIVITY

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 203,115	\$ 0
Special Revenue Funds:		
Title VIB	0	79,201
Title I	0	71,334
Title VI	0	10,670
Drug-Free School Grant	0	9,071
Title VI-R	0	26,639
Debt Service Fund:		
Bond Retirement	49,531	0
Capital Projects Fund:		
Permanent Improvement	0	49,531
Enterprise Fund:		
Food Service	0	5,000
Agency Fund:		
Student Managed Activity	<u>0</u>	<u>1,200</u>
 Total all funds	 <u>\$ 252,646</u>	 <u>\$ 252,646</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 15: STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside cash balance as of June 30, 1999	\$ 0	\$ 0	\$ 201,108	\$ 201,108
Current year set-aside requirement	335,558	335,558	0	671,116
Current year offsets	0	(82,091)	0	(82,091)
Qualifying disbursements	<u>(603,505)</u>	<u>(370,663)</u>	<u>0</u>	<u>(974,168)</u>
Total	<u>\$ (267,947)</u>	<u>\$ (117,196)</u>	<u>\$ 201,108</u>	<u>\$ (184,035)</u>
Cash balance carried forward to FY 2001	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 201,108</u>	

The District had qualifying disbursements during the year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements for future years.

Although the District had offsets and qualifying disbursements during the year that reduced the capital acquisition set-aside amount below zero, this extra amount may not be used to reduce the set-aside requirements for future years.

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for budget stabilization	<u>\$ 201,108</u>
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NOTE 16: RELATED ORGANIZATIONS

The Dover Public Library (the "Library") is a related organization to the District. The school board members are responsible for appointing all the trustees of Dover Public Library; however, the school board cannot influence the Library's operation, nor does the Library represent a potential financial benefit or burden to the District. The District serves in a ministerial capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may not issue debt and determines its own budget. The Library did not receive any funding from the District during the fiscal year 2000.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 17: SEGMENT INFORMATION

The District maintains enterprise funds to account for the operation of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the District as of and for the fiscal year ended June 30, 2000:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 381,192	\$ 25,816	\$ 407,008
Operating Expenses, less Depreciation	545,207	10,020	555,227
Depreciation Expense	10,196	0	10,196
Operating Income (Loss)	(174,211)	15,796	(158,415)
Donated Commodities	38,133	0	38,133
Nonoperating Grants	125,854	0	125,854
Investment Income	3,034	0	3,034
Transfers In	35,000	90,000	125,000
Net Income	27,810	105,796	133,606
Net Working Capital	(3,817)	68,779	64,962
Total Assets	159,166	68,849	228,015
Total Equity	64,546	68,779	133,325

NOTE 18: CONTRACTUAL COMMITMENTS

As of June 30, 2000, the District had contractual commitments for the following projects:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 6/30/2000</u>
Wood Electric – Middle School Soccer Field	\$ 37,724	\$ 0	\$ 37,724
Canton Elevator – Elevator Project	<u>80,770</u>	<u>6,168</u>	<u>74,602</u>
Totals	<u>\$ 118,494</u>	<u>\$ 6,168</u>	<u>\$ 112,326</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 19: RISK MANAGEMENT

A. General Insurance

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 has a comprehensive property and casualty policy with a deductible of \$1,000 per incident on property and equipment. The District's comprehensive property and casualty policy aggregate limit is approximately \$51,066,278. The District's vehicle insurance policy limit is \$1,000,000 with a \$250 collision deductible. All board members, administrators, and employees are covered under a school district liability policy. Additionally, the District carries a \$3,000,000 blanket umbrella policy. The limits of this coverage are \$1,000,000 per occurrence and \$3,000,000 in aggregate. Settlement claims have not exceeded this commercial coverage in any of the past three years.

B. Fidelity Bond

The Treasurer is covered under a surety bond in the amount of \$25,000.

C. Workers' Compensation

The District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Board Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts.

D. Employee Health Insurance

The District is self insured for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$45,000. The claims liability of \$198,454 reported in the Internal Service Fund at June 30, 2000 is based on an estimate provided by the third party administrator and the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, to be reported.

Changes in the fund's claims liability for the fiscal years 2000 and 1999 are as follows:

	<u>Balance at Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>Balance at End of Year</u>
2000	\$ 139,424	\$ 1,064,169	\$ 1,005,139	\$ 198,454
1999	\$ 114,062	\$ 909,545	\$ 884,183	\$ 139,424

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 20: JOINTLY GOVERNED ORGANIZATIONS

A. Ohio Mid-Eastern Regional Education Association (OME-RESA)

OME-RESA is a jointly governed organization comprised of 52 school districts, created as a regional council of governments pursuant to state statute. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts support OME-RESA based on a per pupil charge dependent upon the software package utilized. The OME-RESA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. OME-RESA is governed by a board of directors chosen from the general membership of the OME-RESA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Jefferson County Educational Service Center, which serves as fiscal agent, located in Steubenville, Ohio. The continued existence of OME-RESA is not dependent on the District's continued participation and no measurable equity interest exists. The District paid \$62,618 for services provided during fiscal year 2000.

B. Buckeye Career Center

The Career Center, a joint vocational school established by the Ohio Revised Code, is a jointly governed organization providing vocational services to its 11 school districts. The Career Center is governed by a board of education comprised of eleven members appointed by the participating schools. The board controls the financial activity of the Career Center and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Career Center is not dependent on the District's continued participation and no measurable equity interest exists.

C. Tuscarawas County Tax Incentive Review Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by township trustees, one member from the county auditor's office and eight members appointed by boards of education located within the county. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependent on the District's continued participation and no equity interest exists.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 20: JOINTLY GOVERNED ORGANIZATIONS (Continued)

The District does not retain an ongoing financial interest or an ongoing financial responsibility with any of these organizations.

NOTE 21: CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District at June 30, 2000.

B. Litigation

The District is not party to any claims or lawsuits that would have a material effect on the general purpose financial statements.

NOTE 22: STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio School Funding Plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$5,215,931 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, ". . . the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997 decision, however, it found seven ". . . major areas warrant further attention, study, and development by the General Assembly . . .", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 22: STATE SCHOOL FUNDING DECISION (Continued)

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Grantor Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. Department of Education</u>						
(Passed Through the State Department of Education)						
Title 1 - Education Consolidation and Improvement Act of 1981	C1-S1 2000 C1-S1 1999 C1-S1 1999 C	84.010	\$89,505 25,225 11,479	\$	\$151,586	\$
Total Title 1			126,209		151,586	
Special Education Cluster:						
Handicapped Pre-School Incentive Grant	PG-S1 1999 P	84.173	9,180		7,751	
Title VI-B - Education of Handicapped Children Act	6B-SF 1999 P 6B-SF 1998 P	84.027	105,372 41,505		108,170 94,206	
Total Title VI-B			146,877		202,376	
Total Special Education Cluster			156,057		210,127	
Dwight D. Eisenhower Math and Science Grant	MS-S1 1998 C MS-S1 1999 MS-S1 2000	84.281	(1,509) (326) 9,544		0 0 18,313	
Total Dwight D. Eisenhower Grant			7,709		18,313	
Safe & Drug Free Schools Grant	DR-S1 1998 C DR-S1 2000	84.186	(893) 3,888		15,489	
Total Safe & Drug Free Schools Grant			2,995		15,489	
Title VI-R	CR-S1 2000	84.340	11,417		33,924	
Title VI	C2-S1 2000	84.298	4,573		559	
Vocational Education	N/A	84.048			1,001	
Continuous Improvement	WKBE98	84.276			7,334	
Total U.S. Department of Education			308,960		438,333	
<u>NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES</u>						
(Passed through the State Library of Ohio)						
Total National Foundation on the Arts and Humanities - State Library Program	N/A	45.310			12,888	
<u>U.S. Department of Agriculture</u>						
(Passed through the State Department of Education)						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550		42,367		42,822
National School Lunch Program	N/A	10.555	132,490		132,490	
Special Milk Program for Children	N/A	10.556	3,664		3,664	
Total U.S. Department of Agriculture - Child Nutrition Cluster			136,154	42,367	136,154	42,822
Total			\$445,114	\$42,367	\$587,375	\$42,822

See Accompanying Notes to the Schedule of Receipts and Expenditures of Federal Awards

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



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

Dover City School District
Tuscarawas County
219 West 6th Street
Dover, Ohio 44622

To the Board of Education:

We have audited the general purpose financial statements of Dover City School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 5, 2000 in which we noted the District had restated retained earnings for the Enterprise Funds and the beginning fixed asset balance for the General Fixed Assets Account Group. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 management of the District in a separate letter dated December 5, 2000.

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.

Dover City School District
Tuscarawas County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

However, we noted other matters involving the internal control over the financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 5, 2000.

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

Jim Petro
Auditor of State

December 5, 2000



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

Dover City School District
Tuscarawas County
219 West 6th Street
Dover, Ohio 44622

To the Board of Education:

Compliance

We have audited the compliance of Dover City School District, Tuscarawas 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 its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to 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 management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 5, 2000

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

JUNE 30, 2000

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Handicapped Pre-School Incentive Grant and Title VI-B Education of Handicapped Children Act - CFDA #84.173, #84.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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DOVER CITY SCHOOL DISTRICT

TUSCARAWAS 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 08, 2001**