

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

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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:

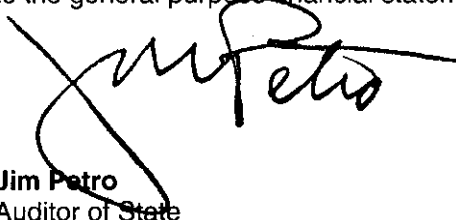
We have audited the accompanying general purpose financial statements of Dover City School District, Tuscarawas County, (the District) as of and for the year ended June 30, 1999, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. 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, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

The accompanying Schedule of Federal Awards, Receipts and Expenditures 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

November 23, 1999

DOVER CITY SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 1999

Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 2,896,165	\$ 316,278	\$ 294,817	\$ 73,496
Restricted Cash and Cash Equivalents	201,108	0	0	0
Cash and Cash Equivalents				
With Fiscal Agent	0	0	0	0
Investments	0	0	0	0
Receivables:				
Taxes	9,029,356	0	818,071	85,386
Accounts	2,721	0	0	0
Intergovernmental	19,049	0	0	0
Inventory	0	0	0	0
Advances to Other Funds	143,096	0	49,531	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	\$ 12,291,495	\$ 316,278	\$ 1,162,419	\$ 158,882
<u>Liabilities</u>				
Accounts Payable	\$ 6,275	\$ 9,435	\$ 0	\$ 0
Accrued Wages and Benefits	1,489,594	49,857	0	0
Compensated Absences Payable	224,211	0	0	0
Intergovernmental Payable	319,177	3,394	0	0
Deferred Revenue	7,147,483	0	647,206	67,553
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Advances From Other Funds	0	18,096	0	49,531
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	9,186,740	80,782	647,206	117,084
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings (Deficit): Unreserved	0	0	0	0
Fund Balance:				
Reserved for Endowment	0	0	0	0
Reserved for Encumbrances	186,603	18,716	593	32,104
Reserved for Budget Stabilization	201,108	0	0	0
Reserved for Taxes Unavailable for Appropriation	1,884,908	0	170,865	17,833
Reserved for Advances	143,096	0	49,531	0
Unreserved: Undesignated	689,040	216,780	294,224	(8,139)
Total Fund Equity and Other Credits	3,104,755	235,496	515,213	41,798
Total Liabilities, Fund Equity and Other Credits	\$ 12,291,495	\$ 316,278	\$ 1,162,419	\$ 158,882

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	
\$ 126,208	\$ 1,442	\$ 152,731	\$ 0	\$ 0	\$ 3,861,137
0	0	0	0	0	201,108
0	1,244,099	0	0	0	1,244,099
0	0	35,000	0	0	35,000
0	0	0	0	0	9,932,813
0	0	0	0	0	2,721
17,574	0	0	0	0	36,623
9,035	0	0	0	0	9,035
0	0	0	0	0	192,627
56,222	0	0	18,391,392	0	18,447,614
0	0	0	0	515,213	515,213
0	0	0	0	8,705,000	8,705,000
0	0	0	0	546,982	546,982
<u>\$ 209,039</u>	<u>\$ 1,245,541</u>	<u>\$ 187,731</u>	<u>\$ 18,391,392</u>	<u>\$ 9,767,195</u>	<u>\$ 43,729,972</u>
\$ 2,339	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,049
44,564	0	0	0	0	1,584,015
17,582	0	0	0	973,729	1,215,522
53,544	0	0	0	88,466	464,581
5,395	0	0	0	0	7,867,637
0	0	57,992	0	0	57,992
0	139,424	0	0	0	139,424
125,000	0	0	0	0	192,627
0	0	0	0	8,705,000	8,705,000
<u>248,424</u>	<u>139,424</u>	<u>57,992</u>	<u>0</u>	<u>9,767,195</u>	<u>20,244,847</u>
0	0	0	18,391,392	0	18,391,392
(39,385)	1,106,117	0	0	0	1,066,732
0	0	36,000	0	0	36,000
0	0	0	0	0	238,016
0	0	0	0	0	201,108
0	0	0	0	0	2,073,606
0	0	0	0	0	192,627
0	0	93,739	0	0	1,285,644
<u>(39,385)</u>	<u>1,106,117</u>	<u>129,739</u>	<u>18,391,392</u>	<u>0</u>	<u>23,485,125</u>
<u>\$ 209,039</u>	<u>\$ 1,245,541</u>	<u>\$ 187,731</u>	<u>\$ 18,391,392</u>	<u>\$ 9,767,195</u>	<u>\$ 43,729,972</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, 1999

	Governmental Fund Type			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 8,246,385	\$ 0	\$ 878,388	\$ 84,937
Intergovernmental	5,971,715	503,848	82,151	267,608
Investment Income	237,059	0	0	0
Tuition and Fees	59,117	0	0	0
Extracurricular Activities	0	215,102	0	0
Miscellaneous	275,806	112,070	0	0
Total Revenues	14,790,082	831,020	960,539	352,545
Expenditures				
Instruction:				
Regular	7,345,440	41,722	0	0
Special	1,195,063	182,723	0	0
Vocational	119,937	0	0	0
Other	267,460	58,970	0	0
Support Services:				
Pupils	619,752	64,778	0	0
Instructional Staff	785,401	91,627	0	214,898
Board of Education	74,692	0	0	0
Administration	1,231,249	9,072	0	0
Fiscal	410,008	0	15,288	1,510
Operation and Maintenance of Plant	1,496,000	50,000	0	116,999
Pupil Transportation	439,757	0	0	0
Central	0	18	0	0
Operation of Non-Instructional Services	0	133,388	0	0
Extracurricular Activities	337,866	193,891	0	0
Debt Service:				
Principal Retirement	0	0	265,000	0
Interest and Fiscal Charges	0	0	543,824	0
Total Expenditures	14,322,625	826,189	824,112	333,407
Excess of Revenues Over Expenditures	467,457	4,831	136,427	19,138
Other Financing Sources				
Proceeds from Sales of Fixed Assets	9,737	0	0	0
Total Other Financing Sources	9,737	0	0	0
Excess of Revenue and Other Financing Sources Over Expenditures	477,194	4,831	136,427	19,138
Fund Balances at Beginning Of Year	2,627,561	230,665	378,786	22,660
Fund Balances at End of Year	\$ 3,104,755	\$ 235,496	\$ 515,213	\$ 41,798

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

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
\$ 0	\$ 9,209,710
0	6,825,322
594	237,653
0	59,117
0	215,102
44,400	432,276
<u>44,994</u>	<u>16,979,180</u>
0	7,387,162
0	1,377,786
0	119,937
0	326,430
0	684,530
537	1,092,463
0	74,692
0	1,240,321
0	426,806
0	1,662,999
0	439,757
0	18
3,500	136,888
0	531,757
0	265,000
0	543,824
<u>4,037</u>	<u>16,310,370</u>
40,957	668,810
0	9,737
<u>0</u>	<u>9,737</u>
40,957	678,547
<u>48,364</u>	<u>3,308,036</u>
<u>\$ 89,321</u>	<u>\$ 3,986,583</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, 1999

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 6,519,309	\$ 7,423,587	\$ 904,278
Intergovernmental	5,064,309	5,952,980	888,671
Investment Income	242,500	237,059	(5,441)
Tuition and Fees	51,531	59,117	7,586
Extracurricular Activities	0	0	0
Miscellaneous	194,000	224,171	30,171
Total Revenues	12,071,649	13,896,914	1,825,265
Expenditures			
Instruction			
Regular	7,212,040	7,212,040	0
Special	1,145,819	1,145,819	0
Vocational	118,067	118,067	0
Other	260,682	260,682	0
Support Services			
Pupils	596,485	596,485	0
Instructional Staff	875,901	875,901	0
Board of Education	71,545	71,545	0
Administration	1,226,919	1,226,919	0
Fiscal	547,611	547,611	0
Operation and Maintenance of Plant	1,545,670	1,545,670	0
Pupil Transportation	556,024	556,024	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	331,251	331,251	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	14,488,014	14,488,014	0
Excess of Revenues Over (Under) Expenditures	(2,416,365)	(591,100)	1,825,265
Other Financing Sources			
Proceeds from Sale of Assets	8,488	9,737	1,249
Refund of Prior Year Expenditures	44,863	51,635	6,772
Total Other Financing Sources	53,351	61,372	8,021
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(2,363,014)	(529,728)	1,833,286
Fund Balances at Beginning of Year	3,302,511	3,302,511	0
Prior Year Encumbrances Appropriated	126,806	126,806	0
Fund Balances at End of Year	\$ 1,066,303	\$ 2,899,589	\$ 1,833,286

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	\$ 813,734	\$ 813,734	\$ 0
524,898	503,848	(21,050)	82,151	82,151	0
0	0	0	0	0	0
0	0	0	0	0	0
223,242	215,102	(8,140)	0	0	0
114,761	112,070	(2,691)	0	0	0
<u>862,901</u>	<u>831,020</u>	<u>(31,881)</u>	<u>895,885</u>	<u>895,885</u>	<u>0</u>
43,641	43,641	0	0	0	0
191,976	191,976	0	0	0	0
0	0	0	0	0	0
59,303	59,303	0	0	0	0
62,759	62,759	0	0	0	0
91,621	91,621	0	0	0	0
0	0	0	0	0	0
9,072	9,072	0	0	0	0
0	0	0	15,881	15,881	0
50,000	50,000	0	0	0	0
0	0	0	0	0	0
418	418	0	0	0	0
139,042	139,042	0	0	0	0
209,656	209,656	0	0	0	0
0	0	0	265,000	265,000	0
0	0	0	543,824	543,824	0
<u>857,488</u>	<u>857,488</u>	<u>0</u>	<u>824,705</u>	<u>824,705</u>	<u>0</u>
<u>5,413</u>	<u>(26,468)</u>	<u>(31,881)</u>	<u>71,180</u>	<u>71,180</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
5,413	(26,468)	(31,881)	71,180	71,180	0
303,061	303,061	0	223,044	223,044	0
11,534	11,534	0	0	0	0
<u>\$ 320,008</u>	<u>\$ 288,127</u>	<u>\$ (31,881)</u>	<u>\$ 294,224</u>	<u>\$ 294,224</u>	<u>\$ 0</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, 1999*

	Capital Project Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 78,905	\$ 78,905	\$ 0
Intergovernmental	267,608	267,608	0
Investment Income	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	0
Total Revenues	346,513	346,513	0
Expenditures			
Instruction			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services			
Pupils	0	0	0
Instructional Staff	224,381	224,381	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	1,605	1,605	0
Operation and Maintenance of Plant	164,493	164,493	0
Pupil Transportation	0	0	0
Central	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	390,479	390,479	0
Excess of Revenues Over (Under) Expenditures	(43,966)	(43,966)	0
Other Financing Sources (Uses)			
Proceeds from Sale of Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(43,966)	(43,966)	0
Fund Balances at Beginning of Year	50,271	50,271	0
Prior Year Encumbrances Appropriated	35,087	35,087	0
Fund Balances at End of Year	\$ 41,392	\$ 41,392	\$ 0

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	\$ 7,411,948	\$ 8,316,226	\$ 904,278
0	0	0	5,938,966	6,806,587	867,621
111	594	483	242,611	237,653	(4,958)
0	0	0	51,531	59,117	7,586
0	0	0	223,242	215,102	(8,140)
8,224	44,400	36,176	316,985	380,641	63,656
<u>8,335</u>	<u>44,994</u>	<u>36,659</u>	<u>14,185,283</u>	<u>16,015,326</u>	<u>1,830,043</u>
0	0	0	7,255,681	7,255,681	0
0	0	0	1,337,795	1,337,795	0
0	0	0	118,067	118,067	0
0	0	0	319,985	319,985	0
0	0	0	659,244	659,244	0
537	537	0	1,192,440	1,192,440	0
0	0	0	71,545	71,545	0
0	0	0	1,235,991	1,235,991	0
0	0	0	565,097	565,097	0
0	0	0	1,760,163	1,760,163	0
0	0	0	556,024	556,024	0
0	0	0	418	418	0
3,500	3,500	0	142,542	142,542	0
0	0	0	540,907	540,907	0
0	0	0	265,000	265,000	0
0	0	0	543,824	543,824	0
<u>4,037</u>	<u>4,037</u>	<u>0</u>	<u>16,564,723</u>	<u>16,564,723</u>	<u>0</u>
<u>4,298</u>	<u>40,957</u>	<u>36,659</u>	<u>(2,379,440)</u>	<u>(549,397)</u>	<u>1,830,043</u>
0	0	0	8,488	9,737	1,249
0	0	0	44,863	51,635	6,772
<u>0</u>	<u>0</u>	<u>0</u>	<u>53,351</u>	<u>61,372</u>	<u>8,021</u>
4,298	40,957	36,659	(2,326,089)	(488,025)	1,838,064
47,827	47,827	0	3,926,714	3,926,714	0
<u>537</u>	<u>537</u>	<u>0</u>	<u>173,964</u>	<u>173,964</u>	<u>0</u>
<u>\$ 52,662</u>	<u>\$ 89,321</u>	<u>\$ 36,659</u>	<u>\$ 1,774,589</u>	<u>\$ 3,612,653</u>	<u>\$ 1,838,064</u>

DOVER CITY SCHOOL DISTRICT

*Combined Statement of Revenues,
Expenses, and Changes in Fund Equity
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Year Ended June 30, 1999*

	<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	\$ 361,320	\$ 0	\$ 0	\$ 361,320
Charges for Services	34,410	1,238,283	0	1,272,693
Investment Income	0	0	3,699	3,699
Other Operating Revenues	0	0	2,000	2,000
<i>Total Operating Revenues</i>	<u>395,730</u>	<u>1,238,283</u>	<u>5,699</u>	<u>1,639,712</u>
<u>Operating Expenses</u>				
Salaries	212,719	0	0	212,719
Fringe Benefits	111,067	0	0	111,067
Purchased Services	980	239,871	0	240,851
Materials and Supplies	262,296	0	0	262,296
Depreciation	6,270	0	0	6,270
Claims Expenses	0	909,545	0	909,545
Other Operating Expenses	0	0	3,000	3,000
<i>Total Operating Expenses</i>	<u>593,332</u>	<u>1,149,416</u>	<u>3,000</u>	<u>1,745,748</u>
Operating Income (Loss)	<u>(197,602)</u>	<u>88,867</u>	<u>2,699</u>	<u>(106,036)</u>
<u>Non-Operating Revenues</u>				
Operating Grants	122,196	0	0	122,196
Donated Commodities	39,770	0	0	39,770
Investment Income	1,265	57,849	0	59,114
<i>Total Non-Operating Revenues</i>	<u>163,231</u>	<u>57,849</u>	<u>0</u>	<u>221,080</u>
<i>Net Income (Loss)</i>	<u>(34,371)</u>	<u>146,716</u>	<u>2,699</u>	<u>115,044</u>
Retained Earnings (Deficit)/Fund Balances at Beginning of Year	<u>(5,014)</u>	<u>959,401</u>	<u>37,719</u>	<u>992,106</u>
Retained Earnings (Deficit)/Fund Balances at End of Year	<u>\$ (39,385)</u>	<u>\$ 1,106,117</u>	<u>\$ 40,418</u>	<u>\$ 1,107,150</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 Fund
 For the Year Ended June 30, 1999

	<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	\$ 395,730	\$ 1,144,775	\$ 0	\$ 1,540,505
Investment Income	0	0	3,699	3,699
Cash Received from Other Sources	0	0	2,000	2,000
Cash Paid for Goods and Services	(220,758)	(239,871)	(3,000)	(463,629)
Cash Paid to Employees	(285,386)	0	0	(285,386)
Cash Paid for Claims	0	(884,183)	0	(884,183)
Net Cash Provided by (Used For) Operating Activities	(110,414)	20,721	2,699	(86,994)
<u>Cash Flows From Non-Capital Financing Activities</u>				
Grants	121,967	0	0	121,967
<u>Cash Flows From Investing Activities</u>				
Interest Income	1,265	57,849	0	59,114
Purchase of Investments	0	0	(35,000)	(35,000)
Net Cash Provided by (Used For) Investing Activities	1,265	57,849	(35,000)	24,114
Net Increase (Decrease) in Cash and Cash Equivalents	12,818	78,570	(32,301)	59,087
Cash and Cash Equivalents at Beginning of Year	113,390	1,166,971	37,719	1,318,080
Cash and Cash Equivalents at End of Year	\$ 126,208	\$ 1,245,541	\$ 5,418	\$ 1,377,167
<u>Reconciliation of Operating Income (Loss) to Net Cash</u> <u>Provided By (Used For) Operating Activities</u>				
Operating Income (Loss)	\$ (197,602)	\$ 88,867	\$ 2,699	\$ (106,036)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:				
Depreciation	6,270	0	0	6,270
Non-cash Donated Commodities	39,770	0	0	39,770
Decrease in Inventory	1,533	0	0	1,533
Increase in Accounts Payable	2,339	0	0	2,339
Increase in Accrued Wages and Benefits	3,845	0	0	3,845
(Decrease) in Compensated Absences Payable	(2,238)	0	0	(2,238)
Increase in Intergovernmental Payable	36,793	0	0	36,793
(Decrease) in Deferred Revenue	(1,124)	(93,508)	0	(94,632)
Increase in Claims Payable	0	25,362	0	25,362
Total Adjustments	87,188	(68,146)	0	19,042
Net Cash Provided by (Used For) Operating Activities	\$ (110,414)	\$ 20,721	\$ 2,699	\$ (86,994)
<u>Reconciliation of Cash and Cash Equivalents</u> <u>to the Balance Sheet</u>				
Trust and Agency	\$ 152,731			
Less: Expendable Trust Funds	89,321			
Less: Agency Funds	57,992			
Nonexpendable Trust Fund	\$ 5,418			

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

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

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, 1998, was 2,780. The District employs 193 certificated and 97 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. The District has no 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 18. The Dover Public Library is a related organization of the District, which is presented in Note 14 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.

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:

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Fund - The nonexpendable trust fund is accounted for in essentially the same manner as the proprietary fund types.

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.

DOVER CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 fund types.

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.

During fiscal year 1999, investments were limited to STAR Ohio, Certificates of Deposit and 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 and the expendable trust fund during fiscal year 1999 amounted to \$237,653, which includes \$47,531 assigned from other District funds.

DOVER CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 1999. 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, 1999.

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 1999, 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.

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.

DOVER CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Advances

Advances to and advances from governmental funds represent noncurrent portions of interfund receivables and payables. The governmental fund making the advance establishes a fund balance reserve equal to the amount of the advance.

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.

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.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

DOVER CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Capital Projects Fund:

Schoolnet

DOVER CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursable Grants

General Fund:

Driver Education
Telecommunications Act Grant

Enterprise Funds:

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 37% of the District's operating revenue during the 1999 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.

NOTE 3: 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 Fund" do not include July 1, 1998 unencumbered fund balances. However, those fund balances are available for appropriations.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 3: 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 Fund" 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, 1999

NOTE 3: 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 Revcnuc Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>	<u>Expendable Trust Fund</u>
Budgetary Basis	\$ (529,728)	\$ (26,468)	\$ 71,180	\$ (43,966)	\$ 40,957
Encumbrances	197,684	28,151	593	32,104	0
Revenue accruals	841,533	0	64,654	6,032	0
Expenditure accruals	<u>(32,295)</u>	<u>3,148</u>	<u>0</u>	<u>24,968</u>	<u>0</u>
GAAP Basis	<u>\$ 477,194</u>	<u>\$ 4,831</u>	<u>\$ 136,427</u>	<u>\$ 19,138</u>	<u>\$ 40,957</u>

NOTE 4: ACCOUNTABILITY

At June 30, 1999, the Food Service and Uniform Service Enterprise Funds had deficit fund balances of \$(2,368) and \$(37,017), respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

DOVER CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

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.

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 (STAR Ohio).

DOVER CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

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 surely 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 \$(286,091) which included \$200 cash on hand, and the bank balance was \$115,466. Of the bank balance:

1. \$115,466 was covered by federal depository insurance.

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 \$1,244,099. 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 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, 1999

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

	<u>Category 3</u>	<u>Fair Value</u>
Repurchase Agreements	\$ 509,773	\$ 509,773
STAROhio		<u>3,873,563</u>
Total		<u>\$ 4,383,336</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	\$ 5,306,344	\$ 35,000
Certificate of Deposit with maturity of greater than three months	35,000	(35,000)
Investments which are part of cash management pool:		
STAROhio	(3,873,563)	3,873,563
Repurchase Agreement	<u>(509,773)</u>	<u>509,773</u>
GASB Statement No. 3	<u>\$ 958,008</u>	<u>\$ 4,383,336</u>

NOTE 6: FIXED ASSETS AND DEPRECIATION

A. General Fixed Assets Account Group

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

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 1999</u>
Land	\$ 354,618	\$ 68,402	\$ 0	\$ 423,020
Buildings and improvements	13,736,227	201,284	0	13,937,511
Furniture and equipment	2,685,342	430,195	0	3,115,537
Vehicles	813,683	85,978	0	899,661
Construction in progress	<u>0</u>	<u>15,663</u>	<u>0</u>	<u>15,663</u>
	<u>\$ 17,589,870</u>	<u>\$ 801,522</u>	<u>\$ 0</u>	<u>\$ 18,391,392</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 6: 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, 1999</u>
Equipment	\$ 205,315
Less: Accumulated Depreciation	<u>(149,093)</u>
Net Fixed Assets	<u>\$ 56,222</u>

NOTE 7: LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during the fiscal year 1999 were as follows:

	<u>Balance July 1, 1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 1999</u>
School Improvement Bonds, 6.25% interest rate, maturing December, 1999 to 2016	\$ 8,970,000	\$ 0	\$ (265,000)	\$ 8,705,000
Intergovernmental payable	107,533	0	(19,067)	88,466
Compensated absences	<u>959,115</u>	<u>14,614</u>	<u>0</u>	<u>973,729</u>
	<u>\$10,036,648</u>	<u>\$ 14,614</u>	<u>\$ (284,067)</u>	<u>\$ 9,767,195</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 annual requirement to amortize all bonds outstanding as of June 30, 1999 are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,	2000	\$ 280,000	\$ 526,862	\$ 806,862
	2001	295,000	509,038	804,038
	2002	315,000	490,127	805,127
	2003	335,000	471,569	806,569
	2004	355,000	453,013	808,013
	Thereafter	<u>7,125,000</u>	<u>3,266,000</u>	<u>10,391,000</u>
	Total	<u>\$ 8,705,000</u>	<u>\$ 5,716,609</u>	<u>\$14,421,609</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 8: PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Tuscarawas County Auditor is responsible for assessing and remitting these property taxes to the District.

Real property taxes are based on assessed value equal to thirty-five percent of appraisal value. The Tuscarawas County Auditor reappraises real property every six years with a triennial update, the last update for Tuscarawas County was done in 1999. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, real property taxes are billed semi-annually one year in arrears. The tax rate applied to real property collected in 1998 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$45.67 per \$1,000 of valuation. The effective rate applied after adjustment for inflationary increases in property values was \$29.21 per \$1,000 of assessed valuation for residential and agricultural real property, and \$36.92 per \$1,000 of assessed valuation for other real property.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 1998 was \$45.67 per \$1,000 of valuation.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 1999. 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 as an advance at June 30 is recognized as revenue. The amount available to the District as an advance at June 30, 1999, was \$2,073,606.

NOTE 9: 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.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 9: 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. Prior to July 1, 1998, the portion used to fund pension obligations was 12%. 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, 1999, 1998 and 1997 were \$1,051,980, \$1,029,456 and \$1,000,860, respectively; 83.4% has been contributed for fiscal year 1999 and 100% for fiscal years 1998 and 1997. \$179,084, representing the unpaid contribution for fiscal year 1999, 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.

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. For fiscal year 1999, 9.02% was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998 and 1996 were \$275,802, \$267,156, and \$237,030, respectively; 54.4% has been contributed for fiscal year 1999 and 100% for fiscal years 1998 and 1997. \$142,224, representing the unpaid contribution for fiscal year 1999, 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, 1999, 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, 1999

NOTE 10: 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, 1998, the Board allocated employer contributions equal to 3.5% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$262,995 during fiscal 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 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 4.98% of covered payroll, an increase from 4.21% for fiscal year 1998. 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 1999, 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 125% of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$1,399 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$1,603 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$133,542 during the 1999 fiscal year.

NOTE 11: 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 \$39,770.

DOVER CITY SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 1999

NOTE 12: INTERFUND ACTIVITY

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Receivables Advances to</u>	<u>Payables Advances from</u>
General Fund	\$ 143,096	\$ 0
Special Revenue Fund:		
Title VIB	0	18,096
Debt Service	49,531	0
Capital Projects	0	49,531
Enterprise Fund:		
Food Service	0	85,000
Uniform Service	<u>0</u>	<u>40,000</u>
 Total all funds	 <u>\$ 192,627</u>	 <u>\$ 192,627</u>

NOTE 13: STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity (GAAP-basis) was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance, July 1, 1998	\$ 0	\$ 0	\$ 82,100	\$ 82,100
Required Set-Aside	238,017	238,017	119,008	595,042
Offset Credits	(43,391)	(78,905)	0	(122,296)
Qualifying Expenditures	<u>(194,626)</u>	<u>(159,112)</u>	<u>0</u>	<u>(353,738)</u>
 Balance, June 30, 1999	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 201,108</u>	 <u>\$ 201,108</u>

Expenditures for textbooks and capital activity during the year were \$485,813 and \$204,579, respectively, which exceeded the required set-aside and the reserve balance.

NOTE 14: 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 1999.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 15: 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, 1999:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$ 361,320	\$ 34,410	\$ 395,730
Operating Expenses, less Depreciation	584,477	2,585	587,062
Depreciation Expense	6,270	0	6,270
Operating (Loss)	(229,427)	31,825	(197,602)
Donated Commodities	39,770	0	39,770
Nonoperating Grants	122,196	0	122,196
Investment Income	1,265	0	1,265
Net Income (Loss)	(66,196)	31,825	(34,371)
Net Working Capital	(6,008)	52,983	46,975
Total Assets	153,717	55,322	209,039
Total Equity	(2,368)	(37,017)	(39,385)

NOTE 16: CONTRACTUAL COMMITMENTS

As of June 30, 1999, the District had contractual commitments for the following projects:

	<u>Contractual Commitment</u>	<u>Expended</u>	<u>Balance 6/30/99</u>
<u>New Buss Garage</u>			
Korns Electric, Inc. – Electric	\$ 38,016	\$ 0	\$ 38,016
Marlin Mechanical, Inc. – Plumbing	38,750	0	38,750
Metal Masters, Inc. – Heating and ventilation	25,800	0	25,800
Straitline Structures – Construction	<u>123,323</u>	<u>0</u>	<u>123,323</u>
Totals	<u>\$ 255,889</u>	<u>\$ 0</u>	<u>\$ 255,889</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 17: 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 \$1000 per incident on property and equipment. The District's comprehensive property and casualty policy aggregate limit is approximately \$46,679,892. 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 \$5,000,000 blanket umbrella policy. The limits of this coverage are \$1,000,000 per occurrence and \$5,000,000 in aggregate.

B. Fidelity Bond

The Treasurer is covered under a surety bond in the amount of \$15,000.

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. Aggregate stop-loss claims are covered based on the aggregate stop-loss factor, times total plan population, times twelve months. The aggregate stop-loss factor is \$337. The liability for unpaid claims cost of \$139,424 is reported in the fund at June 30, 1999 in accordance with Government Accounting Standards Board Statement No. 10.

Changes in the fund's claims liability amount in 1998 and 1999 were:

	Balance at Beginning of Year	Claims	Payments	Balance at End of Year
1999	<u>\$ 114,062</u>	<u>\$ 909,545</u>	<u>\$ 884,183</u>	<u>\$ 139,424</u>
1998	<u>\$ 110,924</u>	<u>\$ 696,592</u>	<u>\$ 693,454</u>	<u>\$ 114,062</u>

DOVER CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 18: 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 \$44,998 for services provided during fiscal year 1999.

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 eleven-member 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, 1999

NOTE 18: JOINTLY GOVERNED ORGANIZATIONS (Continued)

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

NOTE 19: 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, 1999.

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 20: SCHOOL FUNDING ISSUE

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 State's legislature to design a plan to remedy the perceived defects in that 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, 1999, the District received \$6,146,223 of school foundation support for its general fund.

Since the Court's ruling, numerous pieces of legislation have been passed by the Senate legislature 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 has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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 this program and on its financial operations.

DOVER CITY SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 21: YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's operations as early as calendar year 1999.

The District has completed an inventory of computer systems and other electronic equipment necessary to conducting the District's operations and has identified such systems as being financial reporting, payroll and employee benefits, educational statistics reporting (through the State's Education Management and Information System (EMIS), and energy efficiency systems.

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff System software for its payroll and employee benefits. The State is responsible for remediating these systems.

The District has completed an inventory of the heating operations within the District buildings. The District has updated the heating systems in the various buildings and believes them to be Year 2000 compliant.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and Federal and State payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FEDERAL AWARDS, RECEIPTS AND
EXPENDITURES FOR THE YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Passed Through Grantor Program Title	Pass Through Grantor Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Education						
(Passed through the State Department of Education)						
Title 1 - Grants to Local Educational Agencies	C1S198 C1S198C C1S199	84.010	\$3,593 10,826 118,568	\$ -- -- --	\$48,761 10,826 102,719	\$ -- -- --
Total Title 1			133,007	--	162,306	--
Special Education Cluster:						
Special Education-Preschool Grant	PGS198P	84.173	8,619	--	9,838	--
Special Education-Grants to States	6BSF98 6BSF98P	84.027	0 106,359	-- --	38,924 95,162	-- --
Total Special Education - Grants to States			106,359	--	134,086	--
Total Special Education Cluster			114,978	--	142,724	--
Eisenhower Professional Development State Grant	MSS197 MSS198 MSS199	84.281	0 9,532 9,761	-- -- --	206 0 7,055	-- -- --
Total Eisenhower Professional Development State Grant			19,293	--	7,261	--
Safe & Drug Free Schools and Commodities Grant	DRS198 DRS199	84.186	0 16,293	-- --	5,124 6,896	-- --
Total Safe & Drug Free Schools and Commodities Grant			16,293	--	12,020	--
Innovative Education Program Strategies	C2S198 C2S199	84.298	0 11,841	-- --	486 11,282	-- --
Total Innovative Education Program Strategies			11,841	--	11,768	--
Telecommunications Act Grant	N/A	84.XXX	4,601	--	4,601	--
Goals 2000	WKBE98	84.276	10,000	--	1,352	--
Total U.S. Department of Education			310,013	--	342,032	--
National Foundation on the Arts and the Humanities						
(Passed through the State Library of Ohio)						
State Library Program	N/A	45.31	14,970	--	0	--
U.S. Department of Agriculture						
(Passed through the State Department of Education)						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550	--	38,646	--	39,770
National School Lunch Program	N/A	10.555	112,460	--	112,460	--
Special Milk Program for Children	N/A	10.556	3,367	--	3,367	--
Total U.S. Department of Agriculture - Child Nutrition Cluster			115,827	38,646	115,827	39,770
Total			\$440,810	\$38,646	\$457,859	\$39,770

N/A - Not applicable.

See the accompanying notes to the Schedule of Federal Awards, Receipts and Expenditures.

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND
EXPENDITURES FOR THE YEAR ENDED JUNE 30, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (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, 1999, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

111 2nd Street, NW, 4th Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001

**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, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated November 23, 1999. 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 November 23, 1999.

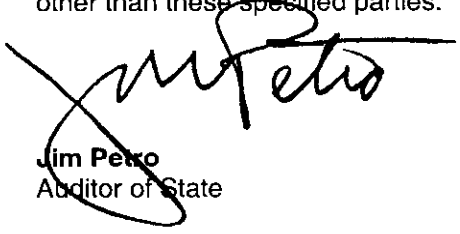
Internal Control Over Financial Reporting

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. However, we noted a matter involving the internal control over the financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-11279-001.

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. Our consideration of the internal control over financial reporting 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. However, we consider the reportable condition to be a material weakness.

We also 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 November 23, 1999.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", is written over a circular stamp or seal that is partially obscured by the signature.

Jim Petro
Auditor of State

November 23, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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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, (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, 1999. 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.

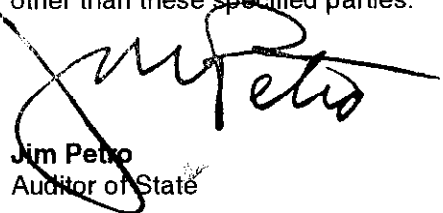
In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

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 Petto
Auditor of State

November 23, 1999

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

JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(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):	Child Nutrition Cluster - CFDA #10.550, 10.555, 10.556
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

**JUNE 30, 1999
(Continued)**

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

Finding # 1999-11279-001

The District does not maintain a comprehensive, detailed fixed asset listing that summarizes fixed assets by Building. No addition or deletion listing was maintained by the District other than the Technology Coordinator maintaining a list of computers purchased and the Administrative Assistant maintains a vehicle listing for the District. As a result, there is a lack of accountability and monitoring by the District over the addition, deletion and movement of fixed assets within the District.

The District should designate an individual to assume responsibility and control over the District's fixed assets by developing a comprehensive system for, and listing of, fixed assets. In conjunction with this system, the District should consider performing a complete physical inventory of all the District's fixed assets in order to determine that all items are properly accounted for. The detailed fixed asset listing should not only provide a description and cost for the fixed asset but should identify the location of the asset and, if possible, an identification number. In addition, the fixed assets recorded on the financial statements should be reconciled to the detailed fixed asset listing annually. This will help ensure that all of the District's fixed assets are properly accounted for, and monitored by, the Treasurer.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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OFFICE OF THE AUDITOR**

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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.**

By: *Susan Babbitt*
Clerk of the Bureau

Date: **JAN 06 2000**