

**WYOMING CITY SCHOOL DISTRICT**

**GENERAL PURPOSE FINANCIAL STATEMENTS  
AND YELLOW BOOK REPORT**

**JUNE 30, 2000**

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**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

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Board of Education  
Wyoming City School District  
Cincinnati, Ohio

We have reviewed the Independent Auditor's Report of the Wyoming City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

**JIM PETRO**  
Auditor of State

January 31, 2001

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**PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS**

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**Independent Accountants' Report**

January 19, 2001

Board of Education  
Wyoming City School District

We have audited the accompanying general purpose financial statements of the Wyoming City School District (the District), as of and for the year ended June 30, 2000. 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type 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 a report dated January 19, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plattenburg & Associates, Inc.  
Certified Public Accountants

Wyoming City School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Equity in Pooled Cash and Investments	\$833,536	\$104,168	\$379,824	\$1,826,132
Restricted Equity in Pooled Cash and Investments	308,000	0	0	121,713
Receivables:				
Taxes	6,219,002	0	1,426,046	144,802
Accounts	3,470	175	0	0
Interfund Receivable	0	0	0	150,000
Inventory	7,185	0	0	0
Fixed Assets ( Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
<b>Total Assets &amp; Other Debits</b>	<b><u>\$7,371,193</u></b>	<b><u>\$104,343</u></b>	<b><u>\$1,805,870</u></b>	<b><u>\$2,242,647</u></b>
Liabilities, Fund Equity & Other Credits:				
Liabilities:				
Accounts Payable	\$41,178	\$0	\$0	\$270,022
Accrued Wages & Benefits	1,780,392	0	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	150,000	0	0	0
Deferred Revenue	3,002,716	0	939,046	144,802
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b><u>4,974,286</u></b>	<b><u>0</u></b>	<b><u>939,046</u></b>	<b><u>414,824</u></b>
Fund Equity & Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Property Tax Advances	1,332,000	0	487,000	0
Reserved for Inventory	7,185	0	0	0
Reserved for Endowments	0	0	0	0
Reserved for Set-Asides	308,000	0	0	0
Unreserved & Undesignated	749,722	104,343	379,824	1,827,823
<b>Total Fund Equity (Deficit) &amp; Other Credits</b>	<b><u>2,396,907</u></b>	<b><u>104,343</u></b>	<b><u>866,824</u></b>	<b><u>1,827,823</u></b>
<b>Total Liabilities, Fund Equity &amp; Other Credits</b>	<b><u>\$7,371,193</u></b>	<b><u>\$104,343</u></b>	<b><u>\$1,805,870</u></b>	<b><u>\$2,242,647</u></b>

See accompanying notes.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$12,045	\$63,812	\$0	\$0	\$3,219,517
0	0	0	0	429,713
0	0	0	0	7,789,850
0	26	0	0	3,671
0	0	0	0	150,000
16,143	0	0	0	23,328
64,096	0	30,448,321	0	30,512,417
0	0	0	866,824	866,824
0	0	0	23,998,337	23,998,337
<u>\$92,284</u>	<u>\$63,838</u>	<u>\$30,448,321</u>	<u>\$24,865,161</u>	<u>\$66,993,657</u>
\$8,522	\$0	\$0	\$0	\$319,722
12,665	0	0	89,824	1,882,881
0	0	0	875,337	875,337
0	0	0	0	150,000
4,149	0	0	0	4,090,713
0	52,465	0	0	52,465
0	0	0	23,900,000	23,900,000
<u>25,336</u>	<u>52,465</u>	<u>0</u>	<u>24,865,161</u>	<u>31,271,118</u>
0	0	30,448,321	0	30,448,321
66,948	0	0	0	66,948
0	0	0	0	1,819,000
0	0	0	0	7,185
0	10,118	0	0	10,118
0	0	0	0	308,000
0	1,255	0	0	3,062,967
<u>66,948</u>	<u>11,373</u>	<u>30,448,321</u>	<u>0</u>	<u>35,722,539</u>
<u>\$92,284</u>	<u>\$63,838</u>	<u>\$30,448,321</u>	<u>\$24,865,161</u>	<u>\$66,993,657</u>

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Wyoming City School District, Ohio  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Year Ended June 30, 2000

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
<b>Revenues:</b>						
Taxes	\$9,174,564	\$0	\$1,449,046	\$42,302	\$0	\$10,665,912
Intergovernmental	4,110,881	415,324	190,845	303,669	0	5,020,719
Investment	172,465	0	0	322,311	0	494,776
Tuition & Fees	443,387	0	0	0	0	443,387
Extracurricular Activities	0	204,612	0	0	0	204,612
Miscellaneous	133,938	54,003	0	25,000	7,003	219,944
<b>Total Revenues</b>	<b>14,035,235</b>	<b>673,939</b>	<b>1,639,891</b>	<b>693,282</b>	<b>7,003</b>	<b>17,049,350</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	8,178,150	208,330	0	8,549	3,938	8,398,967
Special	1,126,822	126,265	0	0	0	1,253,087
Vocational	81,954	0	0	0	0	81,954
<b>Support Services:</b>						
Pupils	761,256	0	0	0	0	761,256
Instructional Staff	311,132	0	0	0	0	311,132
Board of Education	57,238	0	0	0	0	57,238
Administration	1,222,174	0	0	0	0	1,222,174
Fiscal	282,151	0	18,451	1,760	0	302,362
Operation & Maintenance of Plant	1,376,644	0	0	297	0	1,376,941
Pupil Transportation	422,967	0	0	0	0	422,967
Central	20,751	5,362	0	0	0	26,113
Operation of Non-Instructional Services	3,230	98,410	0	0	5,050	106,690
Extracurricular Activities	366,708	258,196	0	0	0	624,904
Capital Outlay	0	0	0	12,645,572	0	12,645,572
<b>Debt Service:</b>						
Principal Retirement	0	0	100,000	0	0	100,000
Interest & Fiscal Charges	0	0	1,230,067	0	0	1,230,067
<b>Total Expenditures</b>	<b>14,211,177</b>	<b>696,563</b>	<b>1,348,518</b>	<b>12,656,178</b>	<b>8,988</b>	<b>28,921,424</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(175,942)</b>	<b>(22,624)</b>	<b>291,373</b>	<b>(11,962,896)</b>	<b>(1,985)</b>	<b>(11,872,074)</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	36,112	0	0	0	0	36,112
Operating Transfers Out	(80,000)	0	0	0	0	(80,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(43,888)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(43,888)</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing Uses</b>	<b>(219,830)</b>	<b>(22,624)</b>	<b>291,373</b>	<b>(11,962,896)</b>	<b>(1,985)</b>	<b>(11,915,962)</b>
<b>Fund Balance, Beginning of Year</b>	<b>2,612,529</b>	<b>126,967</b>	<b>575,451</b>	<b>13,790,719</b>	<b>4,710</b>	<b>17,110,376</b>
<b>Increase (Decrease) in Reserve for Inventory</b>	<b>4,208</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,208</b>
<b>Fund Balance, End of Year</b>	<b>\$2,396,907</b>	<b>\$104,343</b>	<b>\$866,824</b>	<b>\$1,827,823</b>	<b>\$2,725</b>	<b>\$5,198,622</b>

See accompanying notes.

Wyoming City School District, Ohio  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 All Governmental Fund Types  
 For the Year Ended June 30, 2000

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$9,222,245	\$9,222,245	\$0	\$0	\$0	\$0
Intergovernmental	4,110,881	4,110,881	0	417,079	417,079	0
Investment	172,519	172,519	0	0	0	0
Tuition & Fees	441,791	441,791	0	0	0	0
Extracurricular Activities	0	0	0	204,437	204,437	0
Miscellaneous	130,567	130,567	0	54,003	54,003	0
Total Revenues	14,078,003	14,078,003	0	675,519	675,519	0
Expenditures:						
Current:						
Instruction:						
Regular	9,067,023	8,297,512	769,511	260,796	208,330	52,466
Special	1,178,159	1,092,929	85,230	126,265	126,265	0
Vocational	85,037	83,112	1,925	0	0	0
Support Services:						
Pupils	874,866	771,737	103,129	0	0	0
Instructional Staff	320,920	316,525	4,395	0	0	0
Board of Education	74,000	51,274	22,726	0	0	0
Administration	1,415,875	1,350,939	64,936	0	0	0
Fiscal	320,900	286,433	34,467	0	0	0
Operation & Maintenance of Plant	1,429,179	1,424,809	4,370	0	0	0
Pupil Transportation	408,000	401,069	6,931	0	0	0
Central	22,500	20,751	1,749	5,362	5,362	0
Operation of Non-Instructional Services	4,000	3,230	770	125,217	98,410	26,807
Extracurricular Activities	405,624	369,740	35,884	282,276	258,196	24,080
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
Total Expenditures	15,606,083	14,470,060	1,136,023	799,916	696,563	103,353
Excess (Deficiency) of Revenues Over Under Expenditures	(1,528,080)	(392,057)	1,136,023	(124,397)	(21,044)	103,353
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	36,112	36,112	0	0	0	0
Operating Transfers Out	(80,000)	(80,000)	0	0	0	0
Total Other Financing Sources (Uses)	(43,888)	(43,888)	0	0	0	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(1,571,968)	(435,945)	1,136,023	(124,397)	(21,044)	103,353
Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)	1,577,482	1,577,482	0	125,210	125,210	0
Fund Balance, End of Year	\$5,514	\$1,141,537	\$1,136,023	\$813	\$104,166	\$103,353

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$1,426,046	\$1,426,046	\$0	\$144,802	\$144,802	\$0	\$10,793,093	\$10,793,093	\$0
190,845	190,845	0	303,669	303,669	0	5,022,474	5,022,474	0
0	0	0	0	0	0	172,519	172,519	0
0	0	0	0	0	0	441,791	441,791	0
0	0	0	0	0	0	204,437	204,437	0
0	0	0	25,000	25,000	0	209,570	209,570	0
1,616,891	1,616,891	0	473,471	473,471	0	16,843,884	16,843,884	0
0	0	0	8,549	8,549	0	9,336,368	8,514,391	821,977
0	0	0	0	0	0	1,304,424	1,219,194	85,230
0	0	0	0	0	0	85,037	83,112	1,925
0	0	0	0	0	0	874,866	771,737	103,129
0	0	0	0	0	0	320,920	316,525	4,395
0	0	0	0	0	0	74,000	51,274	22,726
0	0	0	0	0	0	1,415,875	1,350,939	64,936
25,000	18,451	6,549	24,218	1,760	22,458	370,118	306,644	63,474
0	0	0	25,000	484	24,516	1,454,179	1,425,293	28,886
0	0	0	0	0	0	408,000	401,069	6,931
0	0	0	0	0	0	27,862	26,113	1,749
0	0	0	0	0	0	129,217	101,640	27,577
0	0	0	0	0	0	687,900	627,936	59,964
0	0	0	16,483,376	15,944,316	539,060	16,483,376	15,944,316	539,060
100,000	100,000	0	334,589	158,105	176,484	434,589	258,105	176,484
1,603,342	1,230,067	373,275	0	0	0	1,603,342	1,230,067	373,275
1,728,342	1,348,518	379,824	16,875,732	16,113,214	762,518	35,010,073	32,628,355	2,381,718
(111,451)	268,373	379,824	(16,402,261)	(15,639,743)	762,518	(18,166,189)	(15,784,471)	2,381,718
0	0	0	0	0	0	36,112	36,112	0
0	0	0	0	0	0	(80,000)	(80,000)	0
0	0	0	0	0	0	(43,888)	(43,888)	0
(111,451)	268,373	379,824	(16,402,261)	(15,639,743)	762,518	(18,210,077)	(15,828,359)	2,381,718
111,451	111,451	0	17,587,588	17,587,588	0	19,401,731	19,401,731	0
\$0	\$379,824	\$379,824	\$1,185,327	\$1,947,845	\$762,518	\$1,191,654	\$3,573,372	\$2,381,718

Wyoming City School District, Ohio  
 Combined Statement of Revenues, Expenses  
 And Changes in Retained Earnings/Fund Balance  
 Proprietary Fund Type and Non-Expendable Trust Fund  
 For the Year Ended June 30, 2000

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Non-Expendable Trust	
Operating Revenues:			
Charges for Services	\$257,656	\$0	\$257,656
Miscellaneous Revenue	0	430	430
Total Operating Revenues	<u>257,656</u>	<u>430</u>	<u>258,086</u>
Operating Expenses:			
Salaries	139,234	0	139,234
Fringe Benefits	22,354	0	22,354
Purchased Services	4,374	0	4,374
Materials & Supplies	200,098	0	200,098
Depreciation	6,107	0	6,107
Other Operating Expenses	1,405	1,900	3,305
Total Operating Expenses	<u>373,572</u>	<u>1,900</u>	<u>375,472</u>
Operating Income (Loss)	<u>(115,916)</u>	<u>(1,470)</u>	<u>(117,386)</u>
Non-Operating Revenues (Expenses):			
Donated Commodities	16,181	0	16,181
Operating Grants - State & Local	624	0	624
Operating Grants - Federal	28,655	0	28,655
Total Non-Operating Revenues	<u>45,460</u>	<u>0</u>	<u>45,460</u>
Income (Loss) before Operating Transfers	<u>(70,456)</u>	<u>(1,470)</u>	<u>(71,926)</u>
Operating Transfers In	<u>80,000</u>	<u>0</u>	<u>80,000</u>
Net Income (Loss)	9,544	(1,470)	8,074
Retained Earnings/Fund Balance, Beginning of Year (Restated)	<u>57,404</u>	<u>10,118</u>	<u>67,522</u>
Retained Earnings/Fund Balance, End of Year	<u>\$66,948</u>	<u>\$8,648</u>	<u>\$75,596</u>

See accompanying notes.

Wyoming City School District, Ohio  
 Combined Statement of Cash Flows  
 Proprietary Fund Type and Non-Expendable Trust Fund  
 For the Year Ended June 30, 2000

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum only)
	Enterprise	Non-Expendable Trust	
Cash Flows from Operating Activities:			
Cash Received from Charges for Services	\$257,656	\$0	\$257,656
Cash Received from Miscellaneous Sources	0	430	430
Cash Payments for Personal Services	(170,048)	0	(170,048)
Cash Payments for Contract Services	(4,653)	0	(4,653)
Cash Payments for Supplies & Materials	(185,559)	0	(185,559)
Cash Payments for Other Expenses	(1,405)	(1,900)	(3,305)
Net Cash Provided (Used) by Operating Activities	<u>(104,009)</u>	<u>(1,470)</u>	<u>(105,479)</u>
Cash Flows from Non-Capital Financing Activities:			
Cash Received from Other Funds	80,000	0	80,000
Cash Received from Operating Grants	32,949	0	32,949
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>112,949</u>	<u>0</u>	<u>112,949</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8,940	(1,470)	7,470
Cash and Cash Equivalents at Beginning of Year	<u>3,105</u>	<u>10,118</u>	<u>13,223</u>
Cash and Cash Equivalents at End of Year	<u><u>\$12,045</u></u>	<u><u>\$8,648</u></u>	<u><u>\$20,693</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	(\$115,916)	(\$1,470)	(\$117,386)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	6,107	0	6,107
Donated Commodities Used	16,181	0	16,181
Changes in Assets and Liabilities:			
(Increase) Decrease in Materials & Supplies Inventory	(8,008)	0	(8,008)
Increase (Decrease) in Accounts Payable	8,182	0	8,182
Increase (Decrease) in Accrued Wages & Benefits	(4,414)	0	(4,414)
Increase (Decrease) in Compensated Absences Payable	(4,046)	0	(4,046)
Increase (Decrease) in Deferred Revenue	(2,095)	0	(2,095)
Net Cash Provided (Used) by Operating Activities	<u><u>(\$104,009)</u></u>	<u><u>(\$1,470)</u></u>	<u><u>(\$105,479)</u></u>

See accompanying notes.

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## WYOMING CITY SCHOOL DISTRICT, OHIO

### NOTES TO FINANCIAL STATEMENTS

June 30, 2000

#### 1. DESCRIPTION OF THE DISTRICT

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

The District operates under a locally elected 5 member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by approximately 72 non-certificated personnel and approximately 154 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is the 14th largest in Hamilton County in terms of enrollment. It currently operates 3 primary schools, 1 middle school (grades 5-8), and 1 high school (grades 9-12).

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### THE REPORTING ENTITY

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

1. The District appoints a voting majority of the organization's governing body AND (a) is able to impose its will on that organization OR (b) there is a potential for the organization to provide specific financial burdens on the District; OR
2. The organization is fiscally dependent upon the District; OR

3. The nature of the relationship between the District and the organization is such that the exclusion from the financial reporting entity would render the financial statements of the District misleading.

## BASIS OF PRESENTATION - FUND ACCOUNTING

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

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

### General Fund

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

### Special Revenue Funds

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

### Capital Projects Funds

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

### Debt Service Fund

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



### Proprietary Funds

Proprietary Funds are used to account for the District's ongoing activities, which are similar to those most often found in the private sector. The following is the District's Proprietary Fund Type.

### Enterprise Funds

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

### Fiduciary Funds

Fiduciary Funds are used to account for the assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These included Expendable Trust, Non-expendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Non Expendable Trust Funds are accounted for in essentially the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

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

#### General Fixed Assets Account Group

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

#### General Long Term Obligations Account Group

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

## MEASUREMENT FOCUS/BASIS OF ACCOUNTING

*Measurement Focus:* Governmental Fund Types and Expendable Trust Funds are accounted for on a spending, or "financial flow", measurement focus. Governmental

Fund Types and Expendable Trust Funds operating statements represent increases and decreases in net current assets. Their reported fund balances are considered a measure of available spendable resources.

Proprietary Fund Types and Nonexpendable Trust Funds are accounted for on a cost of services, or "capital maintenance", measurement focus. Proprietary Fund Types and Nonexpendable Trust Funds income statements represent increases and decreases in net Total assets.

*Basis of Accounting:* The modified accrual basis of accounting is followed for Governmental, Expendable Trust, and Agency Funds. Under this basis of accounting revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after fiscal year end. Revenue accrued at the end of the fiscal year included delinquent property taxes, interest, tuition, and state and federal grants. Property taxes measurable as of the current year end and available to the Districts within 60 days and which are intended to finance current year fiscal operations, have been recorded as revenues. Expenditures are recognized in the period in which the related fund liability is incurred, except interest on long-term debt which is recorded when due.

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

## BUDGETARY DATA

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

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

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

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

The District adopts an annual budget for all fund types. The specific timetable is as follows:

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

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

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

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

Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

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

Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts.

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

## ENCUMBRANCES

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

## CASH AND INVESTMENTS

Cash received by the District is deposited in one bank account with individual fund balance integrity maintained throughout. Moneys for all funds are maintained in these accounts or are temporarily used to purchase short-term cash equivalent investments (maturity date within three months of the date acquired). State statute authorizes the District to invest in obligations of the US Treasury, commercial paper and repurchase agreements.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to Agency Funds, Employee Benefits, certain trust funds and those funds individually authorized by Board resolution. For purposes of the Statement of Cash Flows (GASB Statement No. 9) all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Investments in the District's cash and investments are stated at fair value as determined by quoted market prices.

## RESTRICTED CASH

Restricted cash in the general fund represents cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

Restricted cash in the capital projects fund represents cash and cash equivalents set-aside for retainage payable on construction contracts.

## INVENTORY (MATERIALS AND SUPPLIES)

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

## FIXED ASSETS AND DEPRECIATION

General Fixed Assets Account Group - General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$250 and a useful life of less than 5 years. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure.

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

<u>Asset</u>	<u>Life (years)</u>
Furniture, Fixtures and Equipment	05 - 20

## INTERGOVERNMENTAL REVENUES

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

## INTERFUND TRANSACTIONS

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

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

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

Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.

## COMPENSATED ABSENCES

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

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

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

## LONG-TERM OBLIGATIONS

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

## FUND EQUITY

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund equity reserves are established for encumbrances, materials and supplies inventory, property taxes and budgetary set-asides required under Ohio Law.

## ESTIMATES

The preparation of 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 may differ from those estimates.

#### MEMORANDUM ONLY-TOTAL COLUMNS

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

#### PROPRIETARY FUND ACCOUNTING

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

### 3. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund types portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments".

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

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

Inactive Monies - Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited, 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 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;
6. The State Treasurer's investment pool (Star Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eight days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and ,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

At year end the unobligated or carrying amount of the District's pooled cash and investments was \$2,430,907. The bank balance of deposits was \$2,763,122. Of the bank balance \$100,000 was covered by federal depository insurance and the remaining amount was



covered by collateral held by third party trustees pursuant to Section 135.181 Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

Investments: The District's investments are categorized below 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 that 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.

Investments in STAR Ohio and Star Treasury Fund are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

Based on the above criteria, the District's investments at fiscal year-end, are classified as follows:

	Category <u>3</u>	Carrying Value <u>Fair Value</u>
Money Market	\$ 32,996	\$ 32,996
U.S. Treasury Bonds	<u>1,185,327</u>	<u>1,185,327</u>
Total	<u>\$1,218,323</u>	<u>\$1,218,323</u>

#### 4. PROPERTY TAXES

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2000 were based are as follows:

Tangible Personal	\$6,790,710
Real Estate	<u>178,360,110</u>
Total Assessed Property Value	<u>\$185,150,820</u>

In 2000, real property taxes were levied in January on the assessed values as of January 1, 1999, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in January 1996. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 26% of true value (as

defined). Each business was eligible to receive a \$10,000 exemption in assessed value, which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2000 if paid annually, payment was due by January 20. If paid semi-annually, the first payment (at least one-half of amount billed) was due January 20, with the remainder due on June 20.

The County Auditor remits portions of the taxes collected to all taxing Districts with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal Property Taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable at year-end. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of year-end. 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.

## 5. FIXED ASSETS

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

	Balance Beginning <u>Of Year</u>	<u>Additions</u>	<u>Deletions</u>	Balance End <u>Of Year</u>
Land	\$ 461,418	\$ 0	\$ 0	\$ 461,418
Buildings	4,720,186	21,046,673	0	25,766,859
Equipment	2,861,975	157,333	0	3,019,308
Construction in Progress	<u>11,366,882</u>	<u>0</u>	<u>10,166,146</u>	<u>1,200,736</u>
Total	<u>\$19,410,461</u>	<u>\$21,204,006</u>	<u>\$10,166,146</u>	<u>\$30,448,321</u>

A summary of the Proprietary Fund fixed assets at fiscal year-end follows:

Furniture and Equipment	\$172,679
Less: Accumulated Depreciation	(108,583)
Net Fixed Assets - Proprietary Fund	<u>\$ 64,096</u>

## 6. CHANGES IN THE GENERAL LONG TERM OBLIGATIONS ACCOUNT GROUP

During the year ended June 30, 2000, the following changes occurred in liabilities reported in the General Long Term Obligations Account Group. Compensated absences will be paid from the fund, which the employee is paid.

	Balance Beginning <u>Of Year</u>	<u>Additions</u>	<u>Deductions</u>	Balance End <u>Of Year</u>
Accrued Wages & Benefits	\$ 84,606	\$5,218	\$ 0	\$ 89,824
Compensated Absences	1,024,358	0	149,021	875,337
General Obligation Bonds Payable	<u>24,000,000</u>	<u>0</u>	<u>100,000</u>	<u>23,900,000</u>
Total	<u>\$25,108,964</u>	<u>\$5,218</u>	<u>\$249,021</u>	<u>\$24,865,161</u>

Principal and interest requirements to retire bonds payable outstanding at fiscal year-end are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2001	110,000	1,188,613
2002	370,000	1,184,013
2003	390,000	1,170,078
2004	415,000	1,155,093
Thereafter	<u>22,615,000</u>	<u>17,748,654</u>
Totals	<u>\$23,900,000</u>	<u>\$22,446,451</u>

## 7. NOTES PAYABLE

Notes payable activity for the District for the fiscal year-end was as follows:

	Principal Outstanding Beginning <u>Of Year</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding End <u>Of Year</u>
Tax Anticipation Note 1995 5.25%	\$164,600	\$ 0	\$164,600	\$ 0

Tax anticipation notes are shown as liabilities of the fund which received the note proceeds. Accordingly, the 1995 note debt activity has been reported in the Capital Projects Fund.

## 8. INTERFUND ACTIVITY

At fiscal year-end, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 0	\$150,000
Capital Projects Fund: Permanent Improvement	<u>150,000</u>	<u>0</u>
Total All Funds	<u>\$150,000</u>	<u>\$150,000</u>

## 9. DEFINED BENEFIT PENSION PLANS

### A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%. The contribution rates are not determined actuarially, but are established by SERS' Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 2000, 1999 and 1998 were \$279,672, \$257,454 and \$230,670 respectively; 50% has been contributed for fiscal year 2000 and 100% for fiscal years 1999 and 1998.

## B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%. 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 to STRS for the years ending June 30, 2000, 1999 and 1998 were \$1,092,156, \$1,029,492 and \$957,780 respectively; 83.3% has been contributed for fiscal year 2000 and 100% for fiscal years 1999 and 1998.

## C. Post-employment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-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 the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocated employer contributions equal to 8.0 percent of covered payroll to the Health Care Reserve Fund. For the school District, this amount equaled \$624,089 during fiscal 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a

portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer's contributions to fund health care benefits were 6.3 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.9 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

## 10. BUDGETARY BASIS OF ACCOUNTING

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

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

	<u>Governmental Fund Types</u>			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
GAAP Basis	(\$219,830)	(\$22,624)	\$291,373	(\$11,962,896)
Net Adjustment for Revenue Accruals	42,768	1,580	(23,000)	(219,811)
Net Adjustment for Expenditure Accruals	(258,883)	0	0	(3,457,036)
Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budgetary Basis	<u>(\$435,945)</u>	<u>(\$21,044)</u>	<u>\$268,373</u>	<u>(\$15,639,743)</u>

## **11. CONTINGENT LIABILITIES**

### **GRANTS**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at fiscal year-end.

## **12. JOINT VENTURE**

The Hamilton/Clermont Cooperative Association (HCCA) is a governmental joint venture consisting of 24 school districts. The joint venture was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports HCCA and shares in a percentage of the operations based on the resources provided. HCCA is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating School District is limited to its representation on the board. The Board consists of one representative from each of the participating 24 school districts. Complete financial statements can be obtained from the HCCA located at the Hamilton County Board of Education in Cincinnati, Ohio.

## **13. UNCERTAINTIES**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amount of monetary support to the District. During the fiscal year ended June 30, 2000, the School District received \$3,530,517 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's

majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, if found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

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

#### **14. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with A.M. Peck Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverage's provided by A.M. Peck Insurance are as follows:

Building and Contents - Replacement Cost	\$37,000,000
Inland Marine Coverage	681,000
Boiler and Machinery	No Limit
Crime Insurance	3,000
Automobile Liability	1,000,000
Uninsured Motorist	1,000,000
General Liability	
Per Occurrence	2,000,000
Total Per Year	5,000,000

Settled claims have not exceeded commercial coverage in any of the past three years.

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance



of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

## 15. 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, 2000, the reserve activity (cash-basis) was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, 7/1/1999	\$ 0	\$ 213,380	\$ 180,523
Required Set-Aside	213,380	369,530	127,477
Offset Credits	0	(144,802)	0
Qualifying Expenditures	<u>(213,380)</u>	<u>(438,108)</u>	<u>0</u>
Balance, 6/30/2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$308,000</u>
 Total Reserve for Set-Aside	 <u>\$308,000</u>		

Offsets and qualifying expenditures for Textbook Reserve and Capital Maintenance Reserve during the year exceeded the required set-aside amounts. Current year qualifying expenditures/offsets totaled \$513,136 and \$16,103,781, respectively for the Textbook Reserve and Capital Maintenance Reserve.

## 16. PRIOR YEAR ADJUSTMENT

The beginning fixed asset balance of the general fixed asset account group and the beginning retained earnings balance of the enterprise fund have been adjusted for corrections to the fixed asset detail as follows:

	<u>Enterprise Fund</u>	<u>General Fixed Assets Account Group</u>
Balance previously stated, June 30, 1999	\$11,713	\$18,727,676
Prior period adjustment	<u>45,691</u>	<u>682,785</u>
As restated, July 1, 1999	<u>\$57,404</u>	<u>\$19,410,461</u>

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**PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS**

8280 MONTGOMERY ROAD, SUITE 210/ CINCINNATI, OH 45236 • (513) 891-2722 • FAX (513) 891-2760  
2211 SOUTH DIXIE AVENUE/ DAYTON, OH 45409 • (937) 294-1505 • FAX (937) 294-1507

**Report on compliance and on internal control over financial reporting  
based on an audit of financial statements performed accordance with  
*Government Auditing Standards***

January 19, 2001

Board of Education  
Wyoming City School District  
Wyoming, Ohio

We have audited the general purpose financial statements of the Wyoming City School District, (the District), as of and for the year ended June 30, 2000, and have issued our report thereon dated January 19, 2001. 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 required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

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 considered to be material weaknesses. We noted no matters involving the design or operation of the internal control components that we consider to be material weaknesses as defined above.

This report is intended for the information of management and the Auditor of State. However, this report is a matter of public records and its distribution is not limited.

Plattenburg & Associates, Inc.  
Certified Public Accountants



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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

**WYOMING CITY SCHOOL DISTRICT**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 20, 2001**