

**DEER PARK CITY SCHOOL DISTRICT**

**General Purpose Financial Statements**

**June 30, 2001**





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Board of Education  
Deer Park City School District  
Deer Park, Ohio

We have reviewed the independent auditor's report of the Deer Park City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2000 through June 30, 2001. 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 Deer Park City School District is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

February 14, 2002

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**Independent Auditors' Report**

January 16, 2002

Board of Education  
Deer Park City School District  
Deer Park, Ohio

We have audited the accompanying general purpose financial statements of the Deer Park City School District (the District), as of and for the year ended June 30, 2001. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in the notes to the financial statements, the District adopted Governmental Accounting Standards Board Statements 33 and 36 as of and for the year ended June 30, 2001.

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, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated January 16, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Plattenburg & Associates, Inc.  
Certified Public Accountants

Deer Park City School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2001

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Assets and Other Debits:</b>				
Equity in Pooled Cash and Investments	\$743,184	\$404,078	\$18,189	\$131,658
Restricted Cash	132,000	0	0	0
<b>Receivables:</b>				
Taxes	6,999,775	0	0	226,200
Intergovernmental	15,714	68,131	0	0
Accounts	4,509	252	0	0
Accrued Interest	6,488	0	0	0
Interfund Receivable	81,076	0	0	0
Inventory	0	0	0	0
<b>Fixed Assets ( Net, where applicable, of</b>				
Accumulated Depreciation)	0	0	0	0
<b>Other Debits:</b>				
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>\$7,982,746</u></b>	<b><u>\$472,461</u></b>	<b><u>\$18,189</u></b>	<b><u>\$357,858</u></b>
<b>Liabilities, Fund Equity &amp; Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$19,776	\$10,219	\$0	\$7,392
Accrued Wages & Benefits	1,060,888	29,234	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	809	0	80,267
Intergovernmental Payable	1,020	0	0	0
Deferred Revenue	5,390,875	6,572	0	171,200
Due to Students and Others	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
<b>Total Liabilities</b>	<b><u>6,472,559</u></b>	<b><u>46,834</u></b>	<b><u>0</u></b>	<b><u>258,859</u></b>
<b>Fund Equity &amp; Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
<b>Retained Earnings:</b>				
Unreserved	0	0	0	0
<b>Fund Balance:</b>				
Reserved for Encumbrances	75,075	66,558	0	103,137
Reserved for Property Tax Advances	1,608,900	0	0	55,000
Reserved for Set-Asides	132,000	0	0	0
Unreserved & Undesignated	(305,788)	359,069	18,189	(59,138)
<b>Total Fund Equity &amp; Other Credits</b>	<b><u>1,510,187</u></b>	<b><u>425,627</u></b>	<b><u>18,189</u></b>	<b><u>98,999</u></b>
<b>Total Liabilities, Fund Equity &amp; Other Credits</b>	<b><u>\$7,982,746</u></b>	<b><u>\$472,461</u></b>	<b><u>\$18,189</u></b>	<b><u>\$357,858</u></b>

See accompanying notes.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$65,879	\$68,573	\$0	\$0	\$1,431,561
0	0	0	0	132,000
0	0	0	0	7,225,975
0	0	0	0	83,845
0	0	0	0	4,761
17	0	0	0	6,505
0	0	0	0	81,076
21,184	0	0	0	21,184
50,272	0	28,565,171	0	28,615,443
0	0	0	18,189	18,189
0	0	0	937,685	937,685
<u>\$137,352</u>	<u>\$68,573</u>	<u>\$28,565,171</u>	<u>\$955,874</u>	<u>\$38,558,224</u>
\$51	\$0	\$0	\$0	\$37,438
31,090	0	0	67,713	1,188,925
6,240	0	0	433,161	439,401
0	0	0	0	81,076
0	0	0	0	1,020
4,532	0	0	0	5,573,179
0	28,523	0	0	28,523
0	0	0	265,000	265,000
0	0	0	190,000	190,000
<u>41,913</u>	<u>28,523</u>	<u>0</u>	<u>955,874</u>	<u>7,804,562</u>
0	0	28,565,171	0	28,565,171
95,439	0	0	0	95,439
0	0	0	0	244,770
0	0	0	0	1,663,900
0	0	0	0	132,000
0	40,050	0	0	52,382
<u>95,439</u>	<u>40,050</u>	<u>28,565,171</u>	<u>0</u>	<u>30,753,662</u>
<u>\$137,352</u>	<u>\$68,573</u>	<u>\$28,565,171</u>	<u>\$955,874</u>	<u>\$38,558,224</u>

Deer Park City School District  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Year Ended June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Taxes	\$6,582,347	\$0	\$0	\$161,681
Intergovernmental	3,975,286	640,887	0	26,086
Investment	158,222	4,990	0	0
Tuition & Fees	69,088	0	0	0
Extracurricular Activities	18,640	100,102	0	0
Miscellaneous	351,831	148,513	0	27,144
<b>Total Revenues</b>	<b>11,155,414</b>	<b>894,492</b>	<b>0</b>	<b>214,911</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	4,923,763	79,822	0	0
Special	1,169,522	96,072	0	0
Vocational	142,501	0	0	0
Other	0	672	0	0
<b>Support Services:</b>				
Pupils	627,950	6,351	0	0
Instructional Staff	525,622	228,275	0	117,387
Board of Education	75,146	0	0	0
Administration	980,079	816	0	0
Fiscal	338,548	0	0	1,516
Business	129,529	1,260	0	0
Operation & Maintenance of Plant	1,068,594	0	0	5,350
Pupil Transportation	203,128	0	0	0
Central	58,326	4,600	0	0
Operation of Non-Instructional Services	0	182,703	0	0
Extracurricular Activities	239,853	130,180	0	0
Capital Outlay	0	4,245	0	190,599
Debt Service:				
Principal Retirement	0	0	110,000	0
Interest & Fiscal Charges	0	0	31,353	0
<b>Total Expenditures</b>	<b>10,482,561</b>	<b>734,996</b>	<b>141,353</b>	<b>314,852</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>672,853</b>	<b>159,496</b>	<b>(141,353)</b>	<b>(99,941)</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	0	26,292	141,353	154,000
Operating Transfers (Out)	(321,645)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(321,645)</b>	<b>26,292</b>	<b>141,353</b>	<b>154,000</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing Uses</b>	<b>351,208</b>	<b>185,788</b>	<b>0</b>	<b>54,059</b>
<b>Fund Balance, Beginning of Year</b>	<b>1,158,979</b>	<b>239,839</b>	<b>18,189</b>	<b>44,940</b>
<b>Fund Balance, End of Year</b>	<b>\$1,510,187</b>	<b>\$425,627</b>	<b>\$18,189</b>	<b>\$98,999</b>

See accompanying notes.

<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Expendable Trust</u>	
\$0	\$6,744,028
0	4,642,259
0	163,212
0	69,088
0	118,742
0	527,488
<u>0</u>	<u>12,264,817</u>
0	5,003,585
0	1,265,594
0	142,501
0	672
0	634,301
0	871,284
0	75,146
0	980,895
0	340,064
0	130,789
0	1,073,944
0	203,128
0	62,926
418	183,121
0	370,033
0	194,844
0	110,000
0	31,353
<u>418</u>	<u>11,674,180</u>
<u>(418)</u>	<u>590,637</u>
0	321,645
0	(321,645)
<u>0</u>	<u>0</u>
(418)	590,637
<u>40,468</u>	<u>1,502,415</u>
<u>\$40,050</u>	<u>\$2,093,052</u>

Deer Park City School District  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 All Governmental Fund Types  
 For the Year Ended June 30, 2001

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$6,542,247	\$6,542,247	\$0	\$0	\$0	\$0
Intergovernmental	3,978,787	3,978,787	0	579,328	579,328	0
Investment	145,524	145,524	0	5,320	5,320	0
Tuition & Fees	69,088	69,088	0	0	0	0
Extracurricular Activities	18,640	18,640	0	100,142	100,142	0
Miscellaneous	351,481	351,481	0	148,856	148,856	0
<b>Total Revenues</b>	<b>11,105,767</b>	<b>11,105,767</b>	<b>0</b>	<b>833,646</b>	<b>833,646</b>	<b>0</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	4,910,432	4,910,432	0	80,488	80,488	0
Special	1,197,140	1,197,140	0	95,698	95,698	0
Vocational	141,637	141,637	0	0	0	0
Other	0	0	0	672	672	0
<b>Support Services:</b>						
Pupils	629,107	629,107	0	19,323	19,323	0
Instructional Staff	504,743	504,743	0	228,238	228,238	0
Board of Education	79,255	79,255	0	0	0	0
Administration	1,003,586	1,003,586	0	816	816	0
Fiscal	361,706	361,706	0	0	0	0
Business	146,568	146,568	0	1,260	1,260	0
Operation & Maintenance of Plant	1,110,932	1,110,932	0	0	0	0
Pupil Transportation	214,036	214,036	0	0	0	0
Central	61,807	61,807	0	4,600	4,600	0
Operation of Non-Instructional Services	0	0	0	221,778	221,778	0
Extracurricular Activities	239,736	239,736	0	172,517	172,517	0
Capital Outlay	0	0	0	7,926	7,926	0
<b>Debt Service:</b>						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>10,600,685</b>	<b>10,600,685</b>	<b>0</b>	<b>833,316</b>	<b>833,316</b>	<b>0</b>
<b>Excess (Deficiency) of Revenues Over Under Expenditures</b>	<b>505,082</b>	<b>505,082</b>	<b>0</b>	<b>330</b>	<b>330</b>	<b>0</b>
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	0	0	0	26,292	26,292	0
Operating Transfers (Out)	(325,645)	(325,645)	0	0	0	0
Advances In	2,363	2,363	0	809	809	0
Advances (Out)	(81,076)	(81,076)	0	(2,363)	(2,363)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(404,358)</b>	<b>(404,358)</b>	<b>0</b>	<b>24,738</b>	<b>24,738</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing Uses</b>	<b>100,724</b>	<b>100,724</b>	<b>0</b>	<b>25,068</b>	<b>25,068</b>	<b>0</b>
<b>Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)</b>	<b>678,589</b>	<b>678,589</b>	<b>0</b>	<b>293,945</b>	<b>293,945</b>	<b>0</b>
<b>Fund Balance, End of Year</b>	<b>\$779,313</b>	<b>\$779,313</b>	<b>\$0</b>	<b>\$319,013</b>	<b>\$319,013</b>	<b>\$0</b>

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$0	\$0	\$0	\$106,681	\$106,681	\$0	\$6,648,928	\$6,648,928	\$0
0	0	0	26,086	26,086	0	4,584,201	4,584,201	0
0	0	0	0	0	0	150,844	150,844	0
0	0	0	0	0	0	69,088	69,088	0
0	0	0	0	0	0	118,782	118,782	0
0	0	0	27,144	27,144	0	527,481	527,481	0
0	0	0	159,911	159,911	0	12,099,324	12,099,324	0
0	0	0	0	0	0	4,990,920	4,990,920	0
0	0	0	0	0	0	1,292,838	1,292,838	0
0	0	0	0	0	0	141,637	141,637	0
0	0	0	0	0	0	672	672	0
0	0	0	0	0	0	648,430	648,430	0
0	0	0	115,230	115,230	0	848,211	848,211	0
0	0	0	0	0	0	79,255	79,255	0
0	0	0	0	0	0	1,004,402	1,004,402	0
0	0	0	1,516	1,516	0	363,222	363,222	0
0	0	0	0	0	0	147,828	147,828	0
0	0	0	18,835	18,835	0	1,129,767	1,129,767	0
0	0	0	0	0	0	214,036	214,036	0
0	0	0	0	0	0	66,407	66,407	0
0	0	0	0	0	0	221,778	221,778	0
0	0	0	0	0	0	412,253	412,253	0
0	0	0	282,409	282,409	0	290,335	290,335	0
110,000	110,000	0	0	0	0	110,000	110,000	0
31,353	31,353	0	0	0	0	31,353	31,353	0
141,353	141,353	0	417,990	417,990	0	11,993,344	11,993,344	0
(141,353)	(141,353)	0	(258,079)	(258,079)	0	105,980	105,980	0
141,353	141,353	0	154,000	154,000	0	321,645	321,645	0
0	0	0	0	0	0	(325,645)	(325,645)	0
0	0	0	80,267	80,267	0	83,439	83,439	0
0	0	0	0	0	0	(83,439)	(83,439)	0
141,353	141,353	0	234,267	234,267	0	(4,000)	(4,000)	0
0	0	0	(23,812)	(23,812)	0	101,980	101,980	0
18,190	18,190	0	44,940	44,940	0	1,035,664	1,035,664	0
\$18,190	\$18,190	\$0	\$21,128	\$21,128	\$0	\$1,137,644	\$1,137,644	\$0

Deer Park City School District  
 Combined Statement of Revenues, Expenses  
 And Changes in Retained Earnings  
 Enterprise Fund  
 For the Year Ended June 30, 2001

	<u>Proprietary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	
<b>Operating Revenues:</b>		
<b>Sales</b>	<u>\$327,691</u>	<u>\$327,691</u>
<b>Total Operating Revenues</b>	<u>327,691</u>	<u>327,691</u>
<b>Operating Expenses:</b>		
<b>Salaries</b>	127,502	127,502
<b>Fringe Benefits</b>	33,752	33,752
<b>Purchased Services</b>	53,522	53,522
<b>Materials &amp; Supplies</b>	195,383	195,383
<b>Depreciation</b>	11,130	11,130
<b>Other Operating Expenses</b>	<u>1,851</u>	<u>1,851</u>
<b>Total Operating Expenses</b>	<u>423,140</u>	<u>423,140</u>
<b>Operating Income (Loss)</b>	<u>(95,449)</u>	<u>(95,449)</u>
<b>Non-Operating Revenues (Expenses):</b>		
<b>Investment Revenue</b>	243	243
<b>Miscellaneous Revenue</b>	1,732	1,732
<b>Donated Commodities</b>	25,793	25,793
<b>Operating Grants - State &amp; Local</b>	2,969	2,969
<b>Operating Grants - Federal</b>	<u>50,308</u>	<u>50,308</u>
<b>Total Non-Operating Revenues</b>	<u>81,045</u>	<u>81,045</u>
<b>Net Income (Loss)</b>	(14,404)	(14,404)
<b>Retained Earnings, Beginning of Year</b>	<u>109,843</u>	<u>109,843</u>
<b>Retained Earnings, End of Year</b>	<u><u>\$95,439</u></u>	<u><u>\$95,439</u></u>

See accompanying notes.

Deer Park City School District  
 Combined Statement of Cash Flows  
 Enterprise Fund  
 For the Year Ended June 30, 2001

	<u>Proprietary Fund Type</u>	<u>Totals (Memorandum only)</u>
	<u>Enterprise</u>	
<b>Cash Flows from Operating Activities:</b>		
Cash Received from Sales	\$327,691	\$327,691
Cash Payments for Personal Services	(159,038)	(159,038)
Cash Payments for Contract Services	(53,521)	(53,521)
Cash Payments for Supplies & Materials	(169,009)	(169,009)
Cash Payments for Other Expenses	(1,851)	(1,851)
	<u>(55,728)</u>	<u>(55,728)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		
<b>Cash Flows from Non-Capital Financing Activities:</b>		
Cash Received from Other Funds	1,732	1,732
Cash Received from Operating Grants	53,277	53,277
	<u>55,009</u>	<u>55,009</u>
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>		
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Acquisition of Capital Assets	(1,002)	(1,002)
	<u>(1,002)</u>	<u>(1,002)</u>
<b>Net Cash (Used ) by Capital and Related Financing Activities</b>		
<b>Cash Flows from Investing Activities:</b>		
Investment Earnings Received	251	251
	<u>251</u>	<u>251</u>
<b>Net Cash Provided (Used) by Investment Activities</b>		
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(1,470)	(1,470)
<b>Cash and Cash Equivalents at Beginning of Year</b>	67,349	67,349
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$65,879</u>	<u>\$65,879</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>		
Operating Income (Loss)	(\$95,449)	(\$95,449)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>		
Depreciation	11,130	11,130
Donated Commodities Used	25,793	25,793
<b>Changes in Assets and Liabilities:</b>		
(Increase) Decrease in Materials & Supplies Inventory	2,270	2,270
Increase (Decrease) in Accounts Payable	1	1
Increase (Decrease) in Accrued Wages & Benefits	1,669	1,669
Increase (Decrease) in Compensated Absences Payable	547	547
Increase (Decrease) in Deferred Revenue	(1,689)	(1,689)
	<u>(55,728)</u>	<u>(55,728)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>		

See accompanying notes.

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## **DEER PARK CITY SCHOOL DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

**Fiscal Year Ended June 30, 2001**

#### **1. DESCRIPTION OF THE DISTRICT**

The Deer Park City School, Hamilton County, Ohio (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 five member Board form of government and provides educational services as authorized by its charter or further mandated by state and /or federal agencies. This Board controls the District's instructional and support facilities staffed by 72 non-certificated personnel and 109 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is the 18th largest in Hamilton County in terms of enrollment. It currently operates three elementary schools, and one high school (grades 7-12).

#### **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:

##### **A. Reporting Entity**

1. For financial reporting purposes, the District's financial statements include all funds and account groups of the primary government. The primary government consists of all funds; departments, boards and agencies that are not legally separate from the District. Under this criteria, only the primary government is included in the financial statements. The District also considered potential component units for inclusion in the financial statements. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the District) are financially accountable. The District would consider an organization to be a component unit if:
2. The District appointed a voting majority of the organization's governing body; and (a) was able to impose its will on that organization; or (b) there was a potential for the

organization to provide specific financial benefits to, or impose specific financial burdens on the District; or

3. The organization was fiscally dependent upon the District; or
4. The nature of the relationship between the District and the organization was such that the exclusion from the financial reporting entity would render the financial statements misleading.

The District included no component units in the accompanying financial statements. However, the District is associated with two jointly governed organizations, Hamilton Clermont Cooperative Association and Great Oaks Institute of Technology and Career Development. These organizations are presented in Note 12 of the general purpose statement.

**B. 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. 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.

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 the Proprietary Fund type and the Fiduciary Fund type) are accounted for through Governmental Funds. The following are the District's Governmental Funds:

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

Special Revenue Funds - Are used to account for the proceeds of specific revenue sources (other than major Capital Projects) that are legally restricted to expenditures for specified purposes.

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

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

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

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 for the assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Agency and Expendable Trust Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities).

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 the Proprietary Fund.

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 the Proprietary Fund.

### **C. Measurement Focus/Basis of Accounting**

Measurement Focus: Governmental Funds and Expendable Trust Funds are accounted for on a spending, or "current financial resources," measurement focus. Operating statements of these funds represent increases and decreases in net current assets. Their reported fund balances are considered a measure of available spendable resources.

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

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

Proprietary Funds are accounted for on the accrual basis of accounting. Revenue is recognized in the period earned and expenses are recognized in the period incurred.

#### **D. 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 budget basis and the GAAP basis are:

- 1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- 2) Expenditures are recorded when encumbered, or paid in cash (budget), as opposed to when susceptible to accrual (GAAP).
- 3) Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.

The actual results of operations, compared to the final 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 is required by state statute to adopt an

annual appropriated budget for all Governmental Fund types. The specific timetable is as follows:

1. Prior to January 15 of the preceding fiscal year, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing or increased tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts by formal resolution the tax rates as determined by the County 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.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund and function level of expenditures, which are legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation or the total function appropriations within a fund must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.
7. 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 appropriation amounts. All supplemental appropriations were legally enacted by the Board.

8. 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.

**E. 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 on the combined balance sheet as a reserve of the fund balance on a GAAP Basis and for all funds as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance.

**F. Equity in Pooled Cash and Investments**

Cash received by the District is deposited in a cash and investment pool used by all funds. Monies for all funds are maintained in these accounts or are temporarily used to purchase short-term cash equivalent investments. State Statute authorizes the District to invest in obligations of the U.S. Treasury, commercial paper and repurchase agreements (see Note 3 for a complete description of deposits and investments allowed by state statute). Under existing Ohio statutes, all investment earnings accrue to the General Fund except those specifically related to Food Service Enterprise Fund, and those funds individually authorized by Board resolution. During the current fiscal year, investments were limited to Star Ohio, commercial paper, and federal government bonds.

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 acquired, are considered to be cash equivalents and are included under the heading "Equity in pooled cash and investments".

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

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.

**G. Inventory (Materials and Supplies)**

Inventories of the Enterprise Funds are valued at lower of cost (first-in, first-out method) or market and are determined by physical count. Inventories of Proprietary Funds consist of donated food, purchased food and school supplies held for resale and are expended when used.

**H. Fixed Assets and Depreciation**

1. 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. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than 5 years.
2. Proprietary Funds - Equipment reflected in the Proprietary Funds is 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:

Building	30 - 50 years
Equipment	05 - 20 years
Building Improvements	10 - 40 years

**I. Intergovernmental Revenues**

In Governmental Funds, entitlements and non-reimbursable grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations are recognized as revenue when measurable and earned.

**J. Compensated Absences**

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

1. The employee's right to receive compensation is 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.

#### **K. Interfund Transactions**

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

1. Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.

The District had no advances to/from other funds at June 30, 2001.

#### **L. 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 Obligation Account Group.

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

#### **M. Fund Equity**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, property tax advances, set aside for a budget stabilization reserve from a workers compensation refund, and debt service. The unreserved portions of fund equity

reflected for the Governmental Funds are available for use within specific purpose of those funds.

**N. 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 principals. Neither is such data comparable to a consolidation. Interfund elimination's have not been made in the aggregation of this data.

**O. Proprietary Fund Accounting**

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

**3. EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments". State Statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies that are 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 designation of depositories or by 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. Interim Deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

State legislation permits interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written 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); and,
7. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available investment one time.

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 specific obligation or debt of the District, and must

be purchased the 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 carrying amount of the District's deposits was \$423,622. The bank balance of deposits was \$752,885 and of the bank balance, \$100,000 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized as defined by GASB. Although the securities were held by the pledging financial institutions' trust department in the District's name and all statutory requirements for the investment of the money had been followed, noncompliance with the federal requirements would potentially subject the money held in the District's name to a successful claim by the FDIC.

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end.

CATEGORY 1 includes investments that are issued, registered, or held by the District or its agent in the District's name.

CATEGORY 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the District's name.

CATEGORY 3 includes uninsured and unregistered investments held by the counterparty, or by its department or agent, but not in the District's name.

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

<u>INVESTMENTS</u>	<u>RISK CATEGORY</u>	<u>CARRYING VALUE/ FAIR VALUE</u>
(1) StarOhio	N/A	<u>\$1,139,939</u>
		<u>\$1,139,939</u>

(1) The District's investment in the State Treasury Pool is not categorized by risk because it is not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

#### 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 2001 were based, are as follows:

Tangible Personal	\$22,224,260
Public Utility and Real Estate	<u>181,340,270</u>
Total Assessed Property Value	<u>\$203,564,530</u>

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. 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 with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal Property Taxes in June and October to all taxing districts.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of the current 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. The amount available as an advance at June 30, 2001 was \$1,663,900 and was recognized as revenue. The amount, which was available for advance at June 30, 2000 was \$1,568,800.

**5. FIXED ASSETS**

A summary of the General Fixed Assets Account Group at year-end follows:

<u>Class</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land & Land Improvements	\$ 700,763	\$ 130,651	\$ 7,305	\$ 824,109
Building & Building Improvements	25,644,127	47,631	8,853	25,682,905
Furniture, Fixtures & Equipment	<u>1,890,387</u>	<u>172,798</u>	<u>5,028</u>	<u>2,058,157</u>
Totals	<u>\$28,235,277</u>	<u>\$351,080</u>	<u>\$21,186</u>	<u>\$28,565,171</u>

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

Equipment	\$150,721
Less Accumulated Depreciation	<u>(100,449)</u>
Net Fixed Assets	<u>\$ 50,272</u>

**6. CHANGES IN THE GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP**

During the year-ended June 30, 2001, the following changes occurred in the General Long-Term Obligations Account Group:

	<u>Balance Beginning of Year</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance End of Year</u>
General Obligation Notes	\$ 280,000	\$ 0	(\$ 90,000)	\$ 190,000
General Obligation Bonds	285,000	0	( 20,000)	265,000
Compensated Absences	430,118	3,043	0	433,161
Accrued Wages and Benefits	<u>76,283</u>	<u>0</u>	<u>(8,570)</u>	<u>67,713</u>
TOTAL	<u>\$1,071,401</u>	<u>\$3,043</u>	<u>(\$118,570)</u>	<u>\$955,874</u>

**7. LONG-TERM DEBT**

All current obligation bonds and notes outstanding, issued to provide funds for the acquisition of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligation Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund.

A. The following is a description of the District's debt outstanding as of year-end:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Retired</u>	<u>Ending Balance</u>
Energy Conservation Retrofit Notes	5.65	04/01/93	04/01/03	\$280,000	\$ 0	\$90,000	\$190,000
Energy Conservation Retrofit Bonds	5.45	04/01/97	04/01/07	<u>285,000</u>	<u>0</u>	<u>20,000</u>	<u>265,000</u>
TOTAL				<u>\$ 565,000</u>	<u>\$ 0</u>	<u>\$110,000</u>	<u>\$455,000</u>

B. The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds and notes:

Year-ending	<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>				
2002	\$20,000	\$14,442	\$95,000	\$10,735
2003	20,000	13,353	95,000	5,367
2004	50,000	12,264	0	0
2005	55,000	9,538	0	0
Thereafter	<u>120,000</u>	<u>9,810</u>	<u>0</u>	<u>0</u>
Total	<u>\$265,000</u>	<u>\$59,407</u>	<u>\$190,000</u>	<u>\$16,102</u>

## 8. SEGMENT INFORMATION

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

	<u>Food Services</u>	<u>Uniform School Supply</u>	<u>Total</u>
Operating Revenue	\$326,492	\$ 1,199	\$327,691
Operating Expenses			
Before Depreciation	407,158	4,852	412,010
Depreciation	11,130	0	11,130

Operating Income (Loss)	(93,028)	(2,421)	(95,449)
Operating Grants	53,277	0	53,277
Donated Commodities	25,793	0	25,793
Investment Revenue	243	0	243
Miscellaneous Revenue	500	1,232	1,732
Net Income (Loss)	(13,215)	(1,189)	(14,404)
Net Working Capital	(12,202)	57,369	45,167
Total Assets	79,983	57,369	137,352
Total Liability	41,913	0	41,913
Total Equity	38,070	57,369	95,439

## 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 employee 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's 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, 2001, 2000, and 1999 were \$232,320, \$229,128 and \$200,112 respectively. \$110,340 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and is expected to be paid from current available financial resources.

## 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, 2001, 2000 and 1999 were \$765,204, \$720,852, and \$692,892, respectively, equal to the required contributions for each year. \$129,688 represents the unpaid contribution for fiscal year 2001, and is recorded as a liability within the respective funds and is expected to be paid from current available financial resources.

## 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-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. Both Systems are funded on a pay-as-you go basis.

The State Teacher Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The Retirement Board allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. The Health Care Reserve Allocation for the year ended June 30, 2001 will be 4.5% of covered payroll.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.149 billion at June 30, 2000. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

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

For this fiscal year, employer contributions to fund health care benefits were 8.45% of covered payroll, an increase from 6.30% for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000, were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 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 to the budgetary basis follows:

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

<u>Governmental Fund Types</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
GAAP Basis	\$351,208	\$185,788	\$ 0	\$ 54,059
Net Adjustment for Revenue Accruals	(47,284)	(60,037)	0	25,267
Net Adjustment for Expenditure Accruals	(107,328)	(15,620)	0	7,392
Net Adjustment for Encumbrances	<u>( 95,872)</u>	<u>(85,063)</u>	<u>0</u>	<u>(110,530)</u>
Budgetary Basis	<u>\$100,724</u>	<u>\$ 25,068</u>	<u>\$ 0</u>	<u>(\$23,812)</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. Management is unable to estimate possible claims resulting from such audits until the audits have been completed. 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.

## **12. JOINTLY GOVERNED ORGANIZATIONS**

The Hamilton/Clermont Cooperative Association (HCCA) is a jointly governed organization consisting of area school districts. 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 among member districts. HCCA is governed by a board of directors consisting of superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. Complete financial statements for HCCA can be obtained from their administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

The Great Oaks Institute of Technology and Career Development is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of thirty-five members representing thirty-six affiliated school districts, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Great Oaks Institute of Technology and Career Development, John Wahle, who serves as Chief Financial Officer, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

## **13. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The District addresses these risks by maintaining a comprehensive risk management program through the purchase of various types of liability, inland marine, and property insurance from private carriers. Settled claims have not exceeded commercial coverage in any of the past three years.

A summary of significant coverage follows:

Building Contents-replacement cost (5,000 deductible)	\$24,044,700
Inland Marine Coverage (\$5,000/100 deductible)	24,044,700
Boiler and Machinery (\$1,000 deductible)	15,487,400
Automobile Liability (\$250 deductible)	2,000,000
Uninsured Motorists (\$250 deductible)	2,000,000
General Liability Per Occurrence	2,000,000
Total General Liability Aggregate Per Year	5,000,000

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

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's individual performance is compared to the overall savings percentage of the GRP. A 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.

#### **14. STATE SCHOOL FUNDING DECISION**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of January 16, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration

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

## 15. LITIGATION

All potential claims against the District, from current litigation, are covered by insurance. As of the current year-end, the District had no pending litigation or potential liability that would have a material effect on the financial statements.

## 16. STATUTORY RESERVES

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, Beginning of year	\$ 0	\$ 0	\$132,000
Required Set-Aside	250,354	250,354	0
Offset Credits	0	0	0
Qualifying Expenditures	<u>(250,354)</u>	<u>(250,354)</u>	<u>0</u>
Balance, End of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$132,000</u>

Offsets and Expenditures for textbook and capital maintenance activity during the year were \$382,372 and \$340,237, respectively, which exceeded the required set-aside and the reserve balance.

Senate Bill 345 eliminated the Budget Stabilization Reserve. The current year set-aside requirement for the Reserve is from a Bureau of Workers' Compensation refund received prior to April 10, 2001.

## **17. CHANGES IN ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2001, the District has implemented GASB Statement No.33, “*Accounting and Financial Reporting for Nonexchange Transactions*” and GASB No.36 “*Recipient Reporting for Certain Shared Nonexchange Revenues*”. At June 30, 2000, there was no effect on fund balance as a result of implementing GASB 33 and GASB 36.

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**DEER PARK CITY SCHOOL DISTRICT**

**Single Audit Reports**

**June 30, 2001**

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

8260 NORTHCREEK DRIVE, SUITE 330/ 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 in accordance with  
*Government Auditing Standards***

January 16, 2002

Board of Education  
Deer Park City School District

We have audited the general purpose financial statements of the Deer Park City School District, (the District), as of and for the year ended June 30, 2001, and have issued our report thereon dated January 16, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Auditor of State, Board of Education, 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.

Plattenburg & Associates, Inc.  
Certified Public Accountants

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

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2211 SOUTH DIXIE AVENUE/ DAYTON, OH 45409 • (937) 294-1505 • FAX (937) 294-1507

**Report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB *Circular A-133***

January 16, 2002

Board of Education  
Deer Park City School District

Compliance

We have audited the compliance of the District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results portion of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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, 2001.

### 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 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.

### Schedule of Federal Awards Expenditures

We have audited the general purpose financial statements of the District as of and for the year ended June 30, 2001, and have issued our report thereon dated January 16, 2002. Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the District taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by *OMB Circular A-133* 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.

This report is intended for the information of management, Board of Education, the Auditor of State, 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.

Plattensburg & Associates, Inc.  
Certified Public Accountants

**DEER PARK CITY SCHOOL DISTRICT**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grant/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution Program	NN-N1	10.550	\$0	\$24,105	\$0	\$25,793
National School Lunch Program	04-PU	10.555	50,308	0	50,308	0
Total U.S. Department of Agriculture - Nutrition Cluster			50,308	24,105	50,308	25,793
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Passed Through Ohio Department of Education:						
Special Education Cluster:						
Title VI - B Grant	6B-SF	84.027	118,508	0	118,508	0
Total Special Education Cluster			118,508	0	118,508	0
Title I Grant	C1-S1	84.010	50,045	0	50,045	0
Title VI	C2-S1	84.298	9,222	0	9,222	0
Drug Free Schools Grant	DR-S1	84.186	6,276	0	6,276	0
Goals 2000	G2-S4	84.276	21,271	0	21,271	0
Eisenhower	MS-S1	84.281	3,829		3,829	
Tech Literacy	*	84.318	4,658	0	4,658	0
Class Size Reduction	*	84.340	16,599	0	16,599	0
Total Department of Education			230,408	0	230,408	0
<b>U.S. DEPARTMENT OF LABOR</b>						
Employment Services and Job Training, Pilot and Demonstration Programs						
School to Work	*	17.249	9,480	0	9,480	0
Total Department of Labor			9,480	0	9,480	0
<b>DIRECT PROGRAMS</b>						
<b>U.S. DEPARTMENT OF HEALTH CARE FINANCING ADMINISTRATION</b>						
Medical Assistance Program	*	93.778	86,826	0	86,826	0
Total Department of Health Care - Direct			86,826	0	86,826	0
Total Federal Assistance			\$377,022	\$24,105	\$377,022	\$25,793

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures 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, and it is assumed that federal monies are expended first.

\* Information unavailable

**DEER PARK CITY SCHOOL DISTRICT**  
**June 30, 2001**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 SECTION .505**

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

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under Section .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	Nutrition Cluster: Food Distribution Program, National School Lunch Program. Title VI-B Title I
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None Noted

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None Noted

**DEER PARK CITY SCHOOL DISTRICT  
JUNE 30, 2001**

**SCHEDULE OF PRIOR AUDIT AND QUESTIONED COSTS  
*OMB CIRCULAR A-133***

Deer Park City School District had no prior audit findings or questioned costs.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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

**DEER PARK 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 26, 2002**