



**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2001, and the results of its operations and the cash flows of its Proprietary Fund Types and Nonexpendable Trust Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 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.

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

Jim Petro
Auditor of State

November 28, 2001

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DOVER CITY SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 1,096,088	\$ 352,727	\$ 374,543	\$ 68,272
Restricted Cash and Cash Equivalents	82,100	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Investments	2,000,000	0	0	0
Receivables:				
Taxes	8,020,484	0	730,841	81,840
Accounts	24,839	1,970	0	0
Accrued Interest	28,429	0	0	0
Intergovernmental	0	16,000	0	0
Inventory	0	0	0	0
Due From Other Funds	75,641	0	0	0
Fixed Assets (Net)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$ 11,327,581	\$ 370,697	\$ 1,105,384	\$ 150,112
<u>Liabilities</u>				
Accounts Payable	\$ 113,308	\$ 12,935	\$ 0	\$ 10,281
Accrued Wages and Benefits	1,771,327	57,954	0	0
Compensated Absences Payable	131,756	0	0	0
Intergovernmental Payable	292,437	1,848	0	0
Deferred Revenue	6,471,474	0	589,693	66,034
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Due to Other Funds	0	75,641	0	0
Capital Lease Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	8,780,302	148,378	589,693	76,315
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings: Unreserved	0	0	0	0
Fund Balance:				
Reserved for Endowment	0	0	0	0
Reserved for Encumbrances	227,658	92,131	0	45,613
Reserved for BWC Refund	82,100	0	0	0
Reserved for Taxes Unavailable for Appropriation	1,549,010	0	141,148	15,806
Unreserved: Undesignated	688,511	130,188	374,543	12,378
Total Fund Equity and Other Credits	2,547,279	222,319	515,691	73,797
Total Liabilities, Fund Equity and Other Credits	\$ 11,327,581	\$ 370,697	\$ 1,105,384	\$ 150,112

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 78,722	\$ 2,340	\$ 215,207	\$ 0	\$ 0	\$ 2,187,899
0	0	0	0	0	82,100
0	845,834	0	0	0	845,834
0	0	11,522	0	0	2,011,522
0	0	0	0	0	8,833,165
70	0	1,080	0	0	27,959
0	0	0	0	0	28,429
447	0	0	0	0	16,447
11,314	0	0	0	0	11,314
0	0	0	0	0	75,641
74,934	0	0	18,345,443	0	18,420,377
0	0	0	0	515,691	515,691
0	0	0	0	8,130,000	8,130,000
0	0	0	0	619,247	619,247
<u>\$ 165,487</u>	<u>\$ 848,174</u>	<u>\$ 227,809</u>	<u>\$ 18,345,443</u>	<u>\$ 9,264,938</u>	<u>\$ 41,805,625</u>
\$ 22	\$ 0	\$ 11,119	\$ 0	\$ 0	\$ 147,665
46,537	0	0	0	0	1,875,818
18,610	0	0	0	1,022,103	1,172,469
34,838	0	0	0	106,303	435,426
6,283	0	0	0	0	7,133,484
0	0	51,053	0	0	51,053
0	202,567	0	0	0	202,567
0	0	0	0	0	75,641
0	0	0	0	6,532	6,532
0	0	0	0	8,130,000	8,130,000
<u>106,290</u>	<u>202,567</u>	<u>62,172</u>	<u>0</u>	<u>9,264,938</u>	<u>19,230,655</u>
0	0	0	18,345,443	0	18,345,443
59,197	645,607	0	0	0	704,804
0	0	50,000	0	0	50,000
0	0	1,160	0	0	366,562
0	0	0	0	0	82,100
0	0	0	0	0	1,705,964
0	0	114,477	0	0	1,320,097
<u>59,197</u>	<u>645,607</u>	<u>165,637</u>	<u>18,345,443</u>	<u>0</u>	<u>22,574,970</u>
<u>\$ 165,487</u>	<u>\$ 848,174</u>	<u>\$ 227,809</u>	<u>\$ 18,345,443</u>	<u>\$ 9,264,938</u>	<u>\$ 41,805,625</u>

DOVER CITY SCHOOL DISTRICT

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

All Governmental Fund Types and Expendable Trust Funds

For the Year Ended June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 8,328,122	\$ 0	\$ 706,645	\$ 79,084
Intergovernmental	6,210,240	632,512	86,421	147,618
Investment Income	274,984	0	0	0
Tuition and Fees	161,752	0	0	0
Extracurricular Activities	0	215,659	0	0
Miscellaneous	285,982	132,249	0	0
Total Revenues	<u>15,261,080</u>	<u>980,420</u>	<u>793,066</u>	<u>226,702</u>
Expenditures				
Instruction:				
Regular	7,741,916	79,552	0	0
Special	1,389,419	180,231	0	180
Vocational	44,727	0	0	0
Other	324,110	73,659	0	0
Support Services:				
Pupils	824,969	88,517	0	0
Instructional Staff	990,525	185,566	0	130,062
Board of Education	122,310	0	0	0
Administration	1,347,135	6,093	0	0
Fiscal	426,173	0	15,540	1,818
Operation and Maintenance of Plant	1,647,022	11,266	0	34,955
Pupil Transportation	525,021	0	0	0
Operation of Non-Instructional Services	0	175,618	0	0
Extracurricular Activities	429,067	267,168	0	0
Debt Service:				
Principal Retirement	2,118	0	295,000	0
Interest and Fiscal Charges	1,267	0	509,038	0
Total Expenditures	<u>15,815,779</u>	<u>1,067,670</u>	<u>819,578</u>	<u>167,015</u>
Excess of Revenues Over (Under) Expenditures	(554,699)	(87,250)	(26,512)	59,687
Other Financing Sources (Uses)				
Proceeds from Sales of Fixed Assets	390	0	0	0
Transfers In	0	5,547	0	0
Transfers Out	(5,547)	0	0	0
Total Other Financing Sources (Uses)	<u>(5,157)</u>	<u>5,547</u>	<u>0</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(559,856)	(81,703)	(26,512)	59,687
Fund Balances at Beginning Of Year	<u>3,107,135</u>	<u>304,022</u>	<u>542,203</u>	<u>14,110</u>
Fund Balances at End of Year	<u>\$ 2,547,279</u>	<u>\$ 222,319</u>	<u>\$ 515,691</u>	<u>\$ 73,797</u>

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

<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$ 0	\$ 9,113,851
0	7,076,791
9,042	284,026
0	161,752
0	215,659
9,525	427,756
<u>18,567</u>	<u>17,279,835</u>
0	7,821,468
0	1,569,830
0	44,727
0	397,769
0	913,486
0	1,306,153
0	122,310
0	1,353,228
0	443,531
867	1,694,110
0	525,021
6,750	182,368
0	696,235
0	297,118
0	510,305
<u>7,617</u>	<u>17,877,659</u>
10,950	(597,824)
0	390
0	5,547
<u>0</u>	<u>(5,547)</u>
<u>0</u>	<u>390</u>
10,950	(597,434)
<u>91,174</u>	<u>4,058,644</u>
<u>\$ 102,124</u>	<u>\$ 3,461,210</u>

DOVER CITY SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual - (Non-GAAP Budgetary Basis)*
All Governmental Fund Types and Expendable Trust Funds
For the Year Ended June 30, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 8,713,000	\$ 8,719,548	\$ 6,548
Intergovernmental	6,210,050	6,216,290	6,240
Investment Income	255,000	263,206	8,206
Tuition and Fees	133,000	149,393	16,393
Extracurricular Activities	0	0	0
Miscellaneous	152,100	172,810	20,710
Total Revenues	15,463,150	15,521,247	58,097
Expenditures			
Instruction			
Regular	7,816,640	7,794,576	22,064
Special	1,368,484	1,366,359	2,125
Vocational	77,828	77,037	791
Other	318,500	318,173	327
Support Services			
Pupils	811,072	796,650	14,422
Instructional Staff	1,065,067	1,012,830	52,237
Board of Education	132,836	131,667	1,169
Administration	1,445,788	1,440,436	5,352
Fiscal	477,163	457,006	20,157
Operation and Maintenance of Plant	1,845,029	1,837,229	7,800
Pupil Transportation	598,225	549,309	48,916
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	423,764	421,299	2,465
Debt Service			
Principal Retirement	2,118	2,118	0
Interest and Fiscal Charges	1,267	1,267	0
Total Expenditures	16,383,781	16,205,956	177,825
Excess of Revenues Over (Under) Expenditures	(920,631)	(684,709)	235,922
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	0	390	390
Refund of Prior Year Expenditures	45,000	45,166	166
Advances In	197,052	197,568	516
Advances Out	(27,600)	0	27,600
Operating Transfers Out	(14,000)	0	14,000
Total Other Financing Sources (Uses)	200,452	243,124	42,672
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(720,179)	(441,585)	278,594
Fund Balances at Beginning of Year	2,992,462	2,992,462	0
Prior Year Encumbrances Appropriated	325,619	325,619	0
Fund Balances at End of Year	\$ 2,597,902	\$ 2,876,496	\$ 278,594

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

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 754,579	\$ 754,659	\$ 80
805,029	807,880	2,851	85,890	86,421	531
0	0	0	0	0	0
0	0	0	0	0	0
202,600	217,308	14,708	0	0	0
130,500	132,236	1,736	0	0	0
<u>1,138,129</u>	<u>1,157,424</u>	<u>19,295</u>	<u>840,469</u>	<u>841,080</u>	<u>611</u>
112,075	76,005	36,070	0	0	0
216,462	177,624	38,838	0	0	0
0	0	0	0	0	0
75,944	75,519	425	0	0	0
104,411	87,202	17,209	0	0	0
212,396	201,120	11,276	0	0	0
0	0	0	0	0	0
14,521	12,017	2,504	0	0	0
0	0	0	16,000	15,540	460
20,059	11,266	8,793	0	0	0
0	0	0	0	0	0
197,274	192,840	4,434	0	0	0
312,908	312,314	594	0	0	0
0	0	0	295,000	295,000	0
0	0	0	509,038	509,038	0
<u>1,266,050</u>	<u>1,145,907</u>	<u>120,143</u>	<u>820,038</u>	<u>819,578</u>	<u>460</u>
<u>(127,921)</u>	<u>11,517</u>	<u>139,438</u>	<u>20,431</u>	<u>21,502</u>	<u>1,071</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	49,531	49,531	0
(191,368)	(191,368)	0	0	0	0
0	0	0	0	0	0
<u>(191,368)</u>	<u>(191,368)</u>	<u>0</u>	<u>49,531</u>	<u>49,531</u>	<u>0</u>
(319,289)	(179,851)	139,438	69,962	71,033	1,071
347,112	347,112	0	303,510	303,510	0
84,553	84,553	0	0	0	0
<u>\$ 112,376</u>	<u>\$ 251,814</u>	<u>\$ 139,438</u>	<u>\$ 373,472</u>	<u>\$ 374,543</u>	<u>\$ 1,071</u>

(Continued)

DOVER CITY SCHOOL DISTRICT

*Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual - (Non-GAAP Budgetary Basis)*
All Governmental Fund Types and Expendable Trust Funds (Continued)
For the Year Ended June 30, 2001

	Capital Project Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 83,220	\$ 83,227	\$ 7
Intergovernmental	147,618	147,618	0
Investment Income	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Miscellaneous	0	0	0
Total Revenues	230,838	230,845	7
Expenditures			
Instruction			
Regular	988	901	87
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
Support Services			
Pupils	0	0	0
Instructional Staff	139,388	130,062	9,326
Board of Education	0	0	0
Administration	0	0	0
Fiscal	1,900	1,818	82
Operation and Maintenance of Plant	84,130	82,473	1,657
Pupil Transportation	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	226,406	215,254	11,152
Excess of Revenues Over (Under) Expenditures	4,432	15,591	11,159
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Advances In	0	0	0
Advances Out	(50,000)	(49,531)	469
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	(50,000)	(49,531)	469
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	(45,568)	(33,940)	11,628
Fund Balances at Beginning of Year	23,055	23,055	0
Prior Year Encumbrances Appropriated	23,263	23,263	0
Fund Balances at End of Year	\$ 750	\$ 12,378	\$ 11,628

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

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 0	\$ 0	\$ 0	\$ 9,550,799	\$ 9,557,434	\$ 6,635
0	0	0	7,248,587	7,258,209	9,622
3,475	9,042	5,567	258,475	272,248	13,773
0	0	0	133,000	149,393	16,393
0	0	0	202,600	217,308	14,708
9,525	9,525	0	292,125	314,571	22,446
<u>13,000</u>	<u>18,567</u>	<u>5,567</u>	<u>17,685,586</u>	<u>17,769,163</u>	<u>83,577</u>
0	0	0	7,929,703	7,871,482	58,221
0	0	0	1,584,946	1,543,983	40,963
0	0	0	77,828	77,037	791
0	0	0	394,444	393,692	752
0	0	0	915,483	883,852	31,631
0	0	0	1,416,851	1,344,012	72,839
0	0	0	132,836	131,667	1,169
0	0	0	1,460,309	1,452,453	7,856
0	0	0	495,063	474,364	20,699
1,100	1,027	73	1,950,318	1,931,995	18,323
0	0	0	598,225	549,309	48,916
32,800	4,750	28,050	230,074	197,590	32,484
0	0	0	736,672	733,613	3,059
0	0	0	297,118	297,118	0
0	0	0	510,305	510,305	0
<u>33,900</u>	<u>5,777</u>	<u>28,123</u>	<u>18,730,175</u>	<u>18,392,472</u>	<u>337,703</u>
<u>(20,900)</u>	<u>12,790</u>	<u>33,690</u>	<u>(1,044,589)</u>	<u>(623,309)</u>	<u>421,280</u>
0	0	0	0	390	390
0	0	0	45,000	45,166	166
0	0	0	246,583	247,099	516
0	0	0	(268,968)	(240,899)	28,069
0	0	0	(14,000)	0	14,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>8,615</u>	<u>51,756</u>	<u>43,141</u>
<u>(20,900)</u>	<u>12,790</u>	<u>33,690</u>	<u>(1,035,974)</u>	<u>(571,553)</u>	<u>464,421</u>
91,174	91,174	0	3,757,313	3,757,313	0
0	0	0	433,435	433,435	0
<u>\$ 70,274</u>	<u>\$ 103,964</u>	<u>\$ 33,690</u>	<u>\$ 3,154,774</u>	<u>\$ 3,619,195</u>	<u>\$ 464,421</u>

DOVER CITY SCHOOL DISTRICT

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

All Proprietary Fund Types and Nonexpendable Trust Fund

For the Year Ended June 30, 2001

	<u>Proprietary Fund Types</u>		<u>Fiduciary</u> <u>Fund Type</u>	<u>Totals</u> <u>(Memorandum</u> <u>Only)</u>
	<u>Enterprise</u>	<u>Internal</u> <u>Service</u>	<u>Nonexpendable (Trust)</u>	
<u>Operating Revenues</u>				
Sales	\$ 420,438	\$ 0	\$ 0	\$ 420,438
Charges for Services	0	1,213,439	0	1,213,439
Investment Income	0	0	4,701	4,701
Other Operating Revenues	0	0	2,000	2,000
<i>Total Operating Revenues</i>	<u>420,438</u>	<u>1,213,439</u>	<u>6,701</u>	<u>1,640,578</u>
<u>Operating Expenses</u>				
Salaries	225,522	0	0	225,522
Fringe Benefits	93,973	0	0	93,973
Purchased Services	2,819	335,483	0	338,302
Materials and Supplies	320,039	0	0	320,039
Depreciation	10,196	0	0	10,196
Claims Expense	0	1,428,793	0	1,428,793
Other Operating Expenses	0	0	2,500	2,500
<i>Total Operating Expenses</i>	<u>652,549</u>	<u>1,764,276</u>	<u>2,500</u>	<u>2,419,325</u>
Operating Income (Loss)	<u>(232,111)</u>	<u>(550,837)</u>	<u>4,201</u>	<u>(778,747)</u>
<u>Non-Operating Revenues</u>				
Operating Grants	122,387	0	0	122,387
Donated Commodities	33,839	0	0	33,839
Investment Income	1,757	72,078	0	73,835
<i>Total Non-Operating Revenues</i>	<u>157,983</u>	<u>72,078</u>	<u>0</u>	<u>230,061</u>
Net Income (Loss)	<u>(74,128)</u>	<u>(478,759)</u>	<u>4,201</u>	<u>(548,686)</u>
Retained Earnings/Fund Balances at Beginning of Year	<u>133,325</u>	<u>1,124,366</u>	<u>59,312</u>	<u>1,317,003</u>
Retained Earnings/Fund Balances at End of Year	<u><u>\$ 59,197</u></u>	<u><u>\$ 645,607</u></u>	<u><u>\$ 63,513</u></u>	<u><u>\$ 768,317</u></u>

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

DOVER CITY SCHOOL DISTRICT

Combined Statement of Cash Flows

All Proprietary Fund Types and Nonexpendable Trust Fund

For the Year Ended June 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
<u>Cash Flows From Operating Activities</u>				
Cash Received from Customers	\$ 420,368	\$ 1,213,439	\$ 0	\$ 1,633,807
Cash Received from Other Sources	0	0	2,000	2,000
Interest Income	0	0	4,701	4,701
Cash Paid for Goods and Services	(289,482)	(335,483)	(2,500)	(627,465)
Cash Paid to Employees	(303,190)	0	0	(303,190)
Cash Paid for Claims	0	(1,424,680)	0	(1,424,680)
Net Cash Provided by (Used For) Operating Activities	(172,304)	(546,724)	4,201	(714,827)
<u>Cash Flows From Non-Capital Financing Activities</u>				
Grants	122,419	0	0	122,419
Advances Out	(5,000)	0	0	(5,000)
Net Cash Provided by Non-Capital Financing Activities	117,419	0	0	117,419
<u>Cash Flows From Investing Activities</u>				
Interest Income	1,757	72,078	0	73,835
Proceeds From Sale of Investments	0	0	1,872	1,872
Net Cash Provided by Investing Activities	1,757	72,078	1,872	75,707
Net Increase in Cash and Cash Equivalents	(53,128)	(474,646)	6,073	(521,701)
Cash and Cash Equivalents at Beginning of Year	131,850	1,322,820	45,918	1,500,588
Cash and Cash Equivalents at End of Year	\$ 78,722	\$ 848,174	\$ 51,991	\$ 978,887
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</u>				
Operating Income (Loss)	\$ (232,111)	\$ (550,837)	\$ 4,201	\$ (778,747)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:				
Depreciation	10,196	0	0	10,196
Non-cash Donated Commodities	33,839	0	0	33,839
(Increase) in Accounts Receivable	(7)	0	0	(7)
(Increase) in Inventory	(821)	0	0	(821)
(Decrease) in Accounts Payable	(48)	0	0	(48)
Increase in Accrued Wages and Benefits	912	0	0	912
(Decrease) in Compensated Absences Payable	1,843	0	0	1,843
(Decrease) in Intergovernmental Payable	13,550	0	0	13,550
Increase in Deferred Revenue	343	0	0	343
Increase in Claims Payable	0	4,113	0	4,113
Total Adjustments	59,807	4,113	0	63,920
Net Cash Provided by (Used For) Operating Activities	\$ (172,304)	\$ (546,724)	\$ 4,201	\$ (714,827)
<u>Reconciliation of Cash and Cash Equivalents to the Balance Sheet</u>				
Trust and Agency	\$ 215,207			
Less: Expendable Trust Funds	105,124			
Less: Agency Funds	58,092			
Nonexpendable Trust Fund	<u>\$ 51,991</u>			

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

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DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 1: NATURE OF OPERATIONS AND DESCRIPTION OF THE ENTITY

The Dover City School District (District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a school district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of October 1, 2000, was 2,822. The District employs 205 certificated and 104 non-certificated employees.

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

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

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

The District is involved with Ohio Mid-Eastern Regional Education (OME-RESA), Buckeye Career Center, and Tuscarawas County Tax Incentive Review Council, which are defined as jointly governed organizations. Additional information concerning the jointly governed organizations is presented in Note 20. The Dover Public Library is a related organization of the District, which is presented in Note 17 to the general purpose financial statements.

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

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types and the expendable trust funds use the flow of current financial resources measurement focus and the modified accrual basis of accounting. 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 the pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7.) Revenue from grants 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which are levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

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

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

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or nonexpendable trust funds.

Proprietary Fund Types

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust fund. Revenues are recognized in the accounting period which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the District has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with Governmental Accounting Standards Board pronouncements. Proprietary fund types include the following fund types:

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fiduciary Fund Types

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

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

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

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

Account Groups

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

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

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

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Budgetary Process

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

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

C. Cash, Cash Equivalents, and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2001, investments were limited to Certificates of Deposit, STAROhio, annuity, and a repurchase agreement. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earning. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$274,984, which includes \$60,403 assigned from other District funds.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 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.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash and cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

D. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a BWC refund reserve, textbook/instruction materials reserve, and capital maintenance reserve. These reserves are required by State statute. The BWC refund reserve can be used only for purposes specified by the statute. The capital maintenance reserve and textbook/instruction materials reserve can only be used for capital outlay expenditure and instructional materials and equipment, respectively. During fiscal year 2001, the District set aside the amounts required by State statute. Fund balance reserves have also been established.

E. Receivables

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

F. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

G. Interfund Assets and Liabilities

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

H. Inventory

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

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fixed Assets and Depreciation

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

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

J. Accrued Liabilities and Long-Term Obligations

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

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

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

K. Bond Premiums and Discounts

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

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions

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

M. Compensated Absences

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

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

N. Fund Balance Reserves

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

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Intergovernmental Revenues

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

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

Entitlements

General Fund:

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

Non-Reimbursable Grants

Special Revenue Funds:

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

Capital Projects Fund:

Schoolnet

Reimbursable Grants

General Fund:

Driver Education
Telecommunications Act Grant

Enterprise Funds:

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 41% of the District's operating revenue during the 2001 fiscal year.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Total Columns on General Purpose Financial Statements

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

NOTE 3: CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2001, the District has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”. The statement established accounting and reporting guidelines for governments’ decisions about when (in the fiscal year) to report the results of nonexchange transactions involving cash and other financial and capital resources. The implementation of GASB Statement No. 33 did not have a material effect on fund balance/retained earnings as it was previously reported as of June 30, 2000.

NOTE 4: ACCOUNTABILITY

At June 30, 2001, the Food Service Enterprise Fund had a deficit retained earnings of \$(185), which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5: BUDGETARY PROCESS

Tax Budget

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

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 5: BUDGETARY PROCESS (Continued)

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the Official Certificate of Estimated Resources which states projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds" do not include July 1, 2000 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

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

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

Lapsing of Appropriations

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

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 5: BUDGETARY PROCESS (Continued)

Encumbrances

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

Budgetary Basis of Accounting

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

- 1) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- 2) Expenditures are recorded when paid in cash (budget basis) rather than when the liability is incurred (GAAP basis).
- 3) Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.

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

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Expendable Trust Fund
Budgetary Basis	\$ (441,585)	\$ (179,851)	\$ 71,033	\$ (33,940)	\$ 12,790
Encumbrances	301,692	100,913	0	55,894	1,160
Revenue accruals	(502,901)	(171,457)	(97,545)	(4,143)	0
Expenditure accruals	82,938	168,692	0	41,876	(3,000)
GAAP Basis	<u>\$ (559,856)</u>	<u>\$ (81,703)</u>	<u>\$ (26,512)</u>	<u>\$ 59,687</u>	<u>\$ 10,950</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 6: DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

- 1) United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- 2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 3) Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4) Bonds and any other obligations of the State of Ohio;
- 5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- 6) The State Treasurer's Investment Pool (STAROhio).

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 6: DEPOSITS AND INVESTMENTS (Continued)

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the District or, if the securities are not represented by certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At year-end, the carrying amount of the District's deposits was \$2,204,832 which included \$200 cash on hand, and the bank balance was \$2,302,215. Of the bank balance:

1. \$271,467 was covered by federal depository insurance.
2. \$2,030,748 was uninsured and uncollateralized. Although the pledging bank has an investment and securities pool used to collateralize all public deposits which are held in the financial institution's name, noncompliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Funds Held by Fiscal Agent

The District utilizes Klais and Company as a third party administrator for employee benefits. The amount held at fiscal year end for the Employee Benefit Self-Insurance Fund was \$845,834. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 6: DEPOSITS AND INVESTMENTS (Continued)

Investments

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

	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
Repurchase Agreements		\$ 136,916	\$ 136,916
Annuity	\$ 11,522		11,522
STAROhio			<u>1,928,251</u>
Total			<u>\$ 2,076,689</u>

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 3,115,833	\$ 2,011,522
Certificate of Deposit with maturity of greater than three months	2,000,000	(2,000,000)
Investments which are part of cash management pool:		
STAROhio	(1,928,251)	1,928,251
Repurchase Agreement	<u>(136,916)</u>	<u>136,916</u>
GASB Statement No. 3	<u>\$ 3,050,666</u>	<u>\$ 2,076,689</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 7: PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Property tax revenue received during calendar year 2001 for real and public utility property taxes represent collections of calendar year 2000 taxes. Property tax payments received during calendar year 2001 for tangible personal property (other than public utility property) is for calendar year 2001 taxes.

2001 real property taxes are levied after April 1, 2001 on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000 on the values as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2001 taxes were collected are:

	<u>2000 Second- Half Collections</u>		<u>2001 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential	\$ 186,125,400	57%	\$ 188,286,280	56%
Commercial Industrial	65,970,490	20%	67,121,650	20%
Tangible Personal Property	64,776,245	20%	69,662,183	21%
Personal Public Utility	<u>10,035,380</u>	<u>3%</u>	<u>10,090,070</u>	<u>3%</u>
Total Assessed Value	<u>\$ 326,907,515</u>	<u>100%</u>	<u>\$ 335,160,183</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation		<u>\$ 45.67</u>		<u>\$ 45.62</u>

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

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 7: PROPERTY TAXES (Continued)

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

The District receives property taxes from Tuscarawas County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001 are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Dover City School District. The County Auditor periodically remits to the District its portion of taxes. Accrued property taxes receivable represent delinquent taxes outstanding, the late settlement of personal property taxes and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the District as an advance at June 30, 2001 was \$1,705,964.

NOTE 8: RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts (customer services and student fees), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Special Revenue Fund:	
Title VI-B Grant	\$ 16,000
Enterprise Fund:	
National School Lunch Program	<u>447</u>
	<u>\$ 16,447</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 9: FIXED ASSETS AND DEPRECIATION

A. General Fixed Assets Account Group

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

	Balance <u>July 1, 2000</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2001</u>
Land	\$ 450,845	\$ 48,734	\$ 0	\$ 499,579
Building and improvements	14,030,012	237,546	0	14,267,558
Improvements other than buildings	0	51,107	0	51,107
Furniture and equipment	2,503,451	281,026	49,713	2,734,764
Vehicles	792,435	0	0	792,435
Construction in progress	<u>16,438</u>	<u>0</u>	<u>16,438</u>	<u>0</u>
	<u>\$17,793,181</u>	<u>\$ 618,413</u>	<u>\$ 66,151</u>	<u>\$ 18,345,443</u>

B. Proprietary Fund Type Fixed Assets

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

<u>Enterprise</u>	<u>June 30, 2001</u>
Equipment	\$ 246,850
Less: Accumulated Depreciation	<u>(171,916)</u>
Net Fixed Assets	<u>\$ 74,934</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 10: LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during the fiscal year 2001 were as follows:

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2001</u>
School Improvement Bonds, 5.91% interest rate, maturing 12/2001 to 12/2016	\$ 8,425,000	\$ 0	\$ (295,000)	\$ 8,130,000
Intergovernmental payable	113,787	0	(7,484)	106,303
Compensated absences	936,837	85,266	0	1,022,103
Capital lease payable	<u>8,650</u>	<u>0</u>	<u>(2,118)</u>	<u>6,532</u>
	<u>\$ 9,484,274</u>	<u>\$ 85,266</u>	<u>\$ (304,602)</u>	<u>\$ 9,264,938</u>

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

The District's overall legal debt margin was \$22,034,416 at June 30, 2001.

The annual requirement to amortize all bonds outstanding as of June 30, 2001 are as follows:

		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30,	2002	\$ 315,000	\$ 490,127	\$ 805,127
	2003	335,000	471,569	806,569
	2004	355,000	453,013	808,013
	2005	375,000	432,563	807,563
	2006	395,000	409,531	804,531
	Thereafter	<u>6,355,000</u>	<u>2,423,906</u>	<u>8,778,906</u>
Total		<u>\$ 8,130,000</u>	<u>\$ 4,680,709</u>	<u>\$ 12,810,709</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 11: CAPITALIZED LEASES – LESSEE DISCLOSURE

The District entered into a lease agreement for a copy machine. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service in the general purpose financial statements for the governmental funds.

The general fixed assets acquired by the lease have been capitalized in the general fixed assets account group in the amount of \$8,650, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group and is reduced for each required principal payment.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2001:

Year ending June 30, 2002	\$ 2,633
2003	2,257
2004	2,257
2005	<u>752</u>
	7,899
Less: amount representing interest	<u>1,367</u>
Present value of minimum lease payments	<u><u>\$ 6,532</u></u>

NOTE 12: DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 12: DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$1,151,844, \$1,116,624 and \$1,051,980, respectively; 84.3% has been contributed for fiscal year 2001 and 100% for fiscal years 2000 and 1999. \$190,824, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

B. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$304,890, \$291,486, and \$275,802, respectively; 49.1% has been contributed for fiscal year 2001 and 100% for fiscal years 2000 and 1999. \$155,628, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, all members of the Board of Education have elected social security. The Board's liability is 6.2% of wages paid.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 13: POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. Through June 30, 2001, the Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$370,236 during fiscal 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.419 billion at June 30, 2000 (the most current information available). 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 years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 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 fiscal year 2001, the minimum pay was 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 (the most current information available), 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. For the District, the amount to fund health care benefits, including the surcharge, equaled \$215,505 during the 2001 fiscal year.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 14: NON-CASH TRANSACTIONS

The District receives food commodities for its food service obligations. The revenue recognized in grant income from the non-cash commodities was \$33,839.

NOTE 15: INTERFUND ACTIVITY

A. Interfund Transactions

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 75,641	\$ 0
Special Revenue Funds:		
District Managed Student Activity	0	4,080
School Net Professional Development	0	555
Title VI-B	0	59,196
Title VI	0	9,137
Drug-Free School Grant	0	1,008
Title VI-R	<u>0</u>	<u>1,665</u>
Total all funds	<u>\$ 75,641</u>	<u>\$ 75,641</u>

B. Reconciliation of Interfund Advances (Non-GAAP Budgetary Basis)

	<u>Advances In</u>	<u>Advances Out</u>
<u>Governmental Fund Types and Expendable Trust Funds</u>		
General Fund	\$ 197,568	\$ 0
Special Revenue Funds:		
Title VI-B	0	79,201
Title I	0	65,787
Title VI	0	10,670
Drug-Free School Grant	0	9,071
Title VI-R	0	26,639
Debt Service Fund:		
Bond Retirement	49,531	0
Capital Projects Fund:		
Permanent Improvement	0	49,531
<u>Proprietary and Similar Fiduciary Fund Types</u>		
Enterprise Fund:		
Food Service	0	5,000
Agency Fund:		
Student Managed Activities	<u>0</u>	<u>1,200</u>
Total all funds	<u>\$ 247,099</u>	<u>\$ 247,099</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 16: STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Textbook Reserve</u>	<u>Capital Acquisition</u>	<u>BWC Refund</u>	<u>Totals</u>
Set-aside cash balance as of June 30, 2001	\$ (267,947)	\$ 0	\$ 201,108	\$ (66,839)
Current year set-aside requirement	372,052	372,052	0	744,104
Current year offsets	0	(83,227)	0	(83,227)
Current year qualifying disbursements	(764,624)	(295,986)	0	(1,060,610)
Amount returned to General Fund	<u>0</u>	<u>0</u>	<u>(119,008)</u>	<u>(119,008)</u>
Total	<u>\$ (660,519)</u>	<u>\$ (7,161)</u>	<u>\$ 82,100</u>	<u>\$ (585,580)</u>
Cash balance carried forward to FY 2002	<u>\$ (660,519)</u>	<u>\$ 0</u>	<u>\$ 82,100</u>	

Effective April 10, 2001, the Ohio legislature passed Am. Sub. Senate Bill 345, that addressed H.B. 412 set-aside requirements. The requirement for establishment of a budget reserve set-aside has been deleted from the law. A district may still establish a reserve, if it so chooses; however, the requirement is no longer mandatory. Monies in the budget reserve set-aside as of April 10, 2001 are classified in two categories: (1) Bureau of Workers' Compensation (BWC) refunds and (2) the balance of the reserve which does not represent BWC refunds. The statute includes specific purposes for which the monies representing BWC refunds can be used. The monies which do not represent BWC refunds may be left in the budget reserve set-aside, or returned to the General fund and used at the discretion of the of the District's Board of Education.

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

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

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for BWC refund	<u>\$ 82,100</u>
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DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 17: RELATED ORGANIZATIONS

The Dover Public Library (the “Library”) is a related organization to the District. The school board members are responsible for appointing all the trustees of Dover Public Library; however, the school board cannot influence the Library’s operation, nor does the Library represent a potential financial benefit or burden to the District. The District serves in a ministerial capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may not issue debt and determines its own budget. The Library did not receive any funding from the District during the fiscal year 2001.

NOTE 18: SEGMENT INFORMATION

The District maintains enterprise funds to account for the operation of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the District as of and for the fiscal year ended June 30, 2001:

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 397,586	\$ 22,852	\$ 420,438
Operating expenses, less depreciation	610,104	32,249	642,353
Depreciation expense	10,196	0	10,196
Operating loss	(222,714)	(9,397)	(232,111)
Donated commodities	33,839	0	33,839
Nonoperating grants	122,387	0	122,387
Investment income	1,757	0	1,757
Net loss	(64,731)	(9,397)	(74,128)
Net working capital	(56,509)	59,382	2,873
Total Assets	106,105	59,382	165,487
Total equity (deficit)	(185)	59,382	59,197

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 19: RISK MANAGEMENT

A. General Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has a comprehensive property and casualty policy with a deductible of \$1,000 per incident on property and equipment. The District's comprehensive property and casualty policy aggregate limit is approximately \$52,183,843. The District's vehicle insurance policy limit is \$1,000,000 with a \$250 collision deductible. All board members, administrators, and employees are covered under a school district liability policy. Additionally, the District carries a \$3,000,000 blanket umbrella policy. The limits of this coverage are \$1,000,000 per occurrence and \$3,000,000 in aggregate. Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

B. Fidelity Bond

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

C. Workers' Compensation

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

D. Employee Health Insurance

The District is self insured for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000. The claims liability of \$202,567 reported in the Internal Service Fund at June 30, 2001 is based on an estimate provided by the third party administrator and the requirements of Government Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, to be reported.

Changes in the fund's claims liability for the fiscal years 2001 and 2000 are as follows:

	<u>Balance at Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>Balance at End of Year</u>
2001	<u>\$ 198,454</u>	<u>\$ 1,428,793</u>	<u>\$ 1,424,680</u>	<u>\$ 202,567</u>
2000	<u>\$ 139,424</u>	<u>\$ 1,064,169</u>	<u>\$ 1,005,139</u>	<u>\$ 198,454</u>

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 20: JOINTLY GOVERNED ORGANIZATIONS

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

OME-RESA is a jointly governed organization created as a regional council of governments pursuant to state statute. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts support OME-RESA based on a per pupil charge dependent upon the software package utilized. The OME-RESA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. OME-RESA is governed by a board of directors chosen from the general membership of the OME-RESA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Jefferson County Educational Service Center, which serves as fiscal agent, located in Steubenville, Ohio. The continued existence of OME-RESA is not dependent on the District's continued participation and no measurable equity interest exists. The District paid \$78,654 for services provided during fiscal year 2001.

B. Buckeye Career Center

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

C. Tuscarawas County Tax Incentive Review Council

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

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 20: JOINTLY GOVERNED ORGANIZATIONS (continued)

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

NOTE 21: CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the District at June 30, 2001.

B. Litigation

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

NOTE 22: STATE SCHOOL FUNDING DECISION

On 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 November 28, 2001, 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.

DOVER CITY SCHOOL DISTRICT

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001

NOTE 22: STATE SCHOOL FUNDING DECISION (continued)

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 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.

NOTE 23: ACCOUNTABILITY AND COMPLIANCE

Contrary to Ohio Revised Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. The District had appropriations exceeding total estimated resources in various funds.

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DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

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

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Grantor Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>(Passed Through Ohio Department of Education)</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	N/A	10.550		\$34,183		\$33,839
National School Lunch Program	N/A	10.555	\$113,073		\$113,073	
Special Milk Program	N/A	10.556	3,766		3,766	
Total U.S. Department of Agriculture - Nutrition Cluster			116,839	34,183	116,839	33,839
U.S. DEPARTMENT OF EDUCATION						
<i>(Passed Through Ohio Department of Education)</i>						
<i>Special Education Cluster:</i>						
Special Education Grants to States (IDEA Part B)	6B-SF 1999 6B-SF 2000	84.027	79,201 191,389		76,403 122,115	
Total Special Education Grants to States (IDEA Part B)			270,590		198,518	
Special Education - Preschool Grant	PG-S1 2000 PG-S1 2001	84.173	0 9,316		1,680 9,316	
Total Special Education - Preschool Grant			9,316		10,996	
Total Special Education Cluster			279,906		209,514	
Class Size Reduction	CR-S1 2000 CR-S1 2001	84.340	26,639 40,864		5,446 31,787	
Total Class Size Reduction			67,503		37,233	
Eisenhower Professional Development	MS-S1 2000 MS-S1 2001	84.281	0 9,242		1,634 9,242	
Total Eisenhower Professional Develop.			9,242		10,876	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1 2000 C1-S1 2001	84.010	65,787 155,292		61,825 103,487	
Total Grants to Local Educational Agencies (ESEA Title I)			221,079		165,312	
Innovative Educational Program Strategies	C2-S1 2000 C2-S1 2001	84.298	10,669 14,946		15,242 14,111	
Total Innovative Educational Program Strategies			25,615		29,353	
Drug-Free Schools Grant	DR-S1 1999 DR-S1 2000 DR-S1 2001	84.186	0 9,071 11,463		3,128 8,285 10,416	
Total Drug-Free Schools Grant			20,534		21,829	
Total Department of Education			343,973		264,603	
Totals			\$740,718	\$34,183	\$590,956	\$33,839

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with state grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



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

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

To the Board of Education:

We have audited the general purpose financial statements of Dover City School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated November 28, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2001-11279-001.

We also noted other immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 28, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

However, we noted other matters involving the internal control over the financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 28, 2001.

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

Jim Petro
Auditor of State

November 28, 2001



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

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

To the Board of Education:

Compliance

We have audited the compliance of Dover City School District, Tuscarawas County, Ohio, (the District) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

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

Jim Petro
Auditor of State

November 28, 2001

**DOVER CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

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

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

FINDING NUMBER 2001-11279-001

Noncompliance Citation

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the District to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate of resources when amending estimated resources.

During fiscal year 2001, total appropriations exceeded total estimated resources at year end as follows:

Fund	Estimated Resources	Appropriations	Variance
Special Revenue Title VI-B Fund	\$346,993	\$362,993	\$16,000
Special Revenue Telecommunications Act Fund	5,200	14,000	8,800
Enterprise Fund Food Service Fund	560,127	562,127	1,161

In addition, the District did not always obtain certificates from the County Auditor that appropriations from each fund do not exceed the total Amended Official Estimate of Resources for certain appropriation and estimated resource amendments. The District should monitor appropriations versus estimated resources to help avoid potential overspending. In addition, the Treasurer should obtain the required certificate from the County Auditor when amending appropriations and estimated resources.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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DOVER CITY SCHOOL DISTRICT

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 27, 2001**