



**DEER PARK COMMUNITY CITY SCHOOL DISTRICT
HAMILTON COUNTY**

REGULAR AUDIT

FOR THE FISCAL YEARS ENDED JUNE 30, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**DEER PARK COMMUNITY CITY SCHOOL DISTRICT
HAMILTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
General-Purpose Financial Statements:	
<u>Fiscal Year 2000:</u>	
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes In Fund Balance - All Governmental Fund Types and Expendable Trust Funds	6
Combined Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) All Governmental Fund Types	8
Combined Statement of Revenues, Expenses, and Changes In Retained Earnings - Enterprise Fund	10
Combined Statement of Cash Flows Enterprise Fund	11
Notes to the Financial Statements	13
<u>Fiscal Year 1999:</u>	
Combined Balance Sheet - All Fund Types and Account Groups	34
Combined Statement of Revenues, Expenditures, and Changes In Fund Balance - All Governmental Fund Types	36
Combined Statement of Revenues, Expenditures, and Changes In Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) All Governmental Fund Types	38
Combined Statement of Revenues, Expenses, and Changes In Retained Earnings - Enterprise Fund	40
Combined Statement of Cash Flows Enterprise Fund	41
Notes to the Financial Statements	43
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	65
Schedule of Findings	68

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INDEPENDENT ACCOUNTANTS' REPORT

Deer Park Community City School District
Hamilton County
8688 Donna Lane
Cincinnati, Ohio 45236

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Deer Park Community City School District, Hamilton County, Ohio (the District), as of and for the fiscal years ended June 30, 2000 and 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Deer Park Community City School District, Hamilton County, Ohio, as of June 30, 2000 and 1999, and the results of its operations and the cash flows of its proprietary fund type for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

November 17, 2000

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Deer Park City School District
Hamilton County

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Equity in Pooled Cash and Investments	\$546,587	\$293,946	\$18,189	\$44,940
Restricted Cash	132,000	0	0	0
Receivables:				
Taxes	6,535,820	0	0	0
Accounts	7,659	635	0	0
Accrued Interest	9,504	330	0	0
Interfund Receivable	2,363	0	0	0
Inventory	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets & Other Debits	\$7,233,933	\$294,911	\$18,189	\$44,940
Liabilities, Fund Equity & Other Credits:				
Liabilities:				
Accounts Payable	\$53,240	\$18,239	\$0	\$0
Accrued Wages & Benefits	964,663	34,470	0	0
Compensated Absences Payable	90,031	0	0	0
Interfund Payable	0	2,363	0	0
Deferred Revenue	4,967,020	0	0	0
Due to Students and Others	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	6,074,954	55,072	0	0
Fund Equity & Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	142,031	35,483	0	0
Reserved for Property Tax Advances	1,568,800	0	0	0
Reserved for Set-Asides	132,000	0	0	0
Reserved for Debt Service	0	0	18,189	0
Unreserved & Undesignated	(683,852)	204,356	0	44,940
Total Fund Equity (Deficit) & Other Credits	1,158,979	239,839	18,189	44,940
Total Liabilities, Fund Equity & Other Credits	\$7,233,933	\$294,911	\$18,189	\$44,940

See accompanying notes.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$67,349	\$61,451	\$0	\$0	\$1,032,462
0	0	0	0	132,000
0	0	0	0	6,535,820
0	0	0	0	8,294
25	418	0	0	10,277
0	0	0	0	2,363
23,454	0	0	0	23,454
60,400	0	28,235,277	0	28,295,677
0	0	0	18,189	18,189
0	0	0	1,053,212	1,053,212
<u>\$151,228</u>	<u>\$61,869</u>	<u>\$28,235,277</u>	<u>\$1,071,401</u>	<u>\$37,111,748</u>
\$50	\$120	\$0	\$0	\$71,649
29,421	0	0	76,283	1,104,837
5,693	0	0	430,118	525,842
0	0	0	0	2,363
6,221	0	0	0	4,973,241
0	21,281	0	0	21,281
0	0	0	285,000	285,000
0	0	0	280,000	280,000
<u>41,385</u>	<u>21,401</u>	<u>0</u>	<u>1,071,401</u>	<u>7,264,213</u>
0	0	28,235,277	0	28,235,277
109,843	0	0	0	109,843
0	0	0	0	177,514
0	0	0	0	1,568,800
0	0	0	0	132,000
0	0	0	0	18,189
0	40,468	0	0	(394,088)
<u>109,843</u>	<u>40,468</u>	<u>28,235,277</u>	<u>0</u>	<u>29,847,535</u>
<u>\$151,228</u>	<u>\$61,869</u>	<u>\$28,235,277</u>	<u>\$1,071,401</u>	<u>\$37,111,748</u>

Deer Park City School District
Hamilton County

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$5,667,057	\$0	\$0	\$0	\$0	\$5,667,057
Intergovernmental	3,621,171	565,835	0	35,813	0	4,222,819
Investment	131,723	4,042	0	0	418	136,183
Tuition & Fees	73,263	0	0	0	0	73,263
Extracurricular Activities	16,990	106,079	0	0	0	123,069
Miscellaneous	67,645	39,459	0	0	40,050	147,154
Total Revenues	9,577,849	715,415	0	35,813	40,468	10,369,545
Expenditures:						
Current:						
Instruction:						
Regular	4,805,796	72,115	0	0	0	4,877,911
Special	1,188,360	52,921	0	0	0	1,241,281
Vocational	138,955	0	0	0	0	138,955
Other	0	459	0	0	0	459
Support Services:						
Pupils	539,821	98,577	0	0	0	638,398
Instructional Staff	416,379	149,567	0	0	0	565,946
Board of Education	49,259	0	0	0	0	49,259
Administration	976,786	3,680	0	0	0	980,466
Fiscal	300,732	0	0	0	0	300,732
Business	110,175	1,564	0	0	0	111,739
Operation & Maintenance of Plant	1,102,790	0	0	0	0	1,102,790
Pupil Transportation	190,751	0	0	0	0	190,751
Central	58,561	8,191	0	0	0	66,752
Operation of Non-Instructional Services	533	143,139	0	0	0	143,672
Extracurricular Activities	213,392	191,545	0	0	0	404,937
Capital Outlay	0	15,238	0	0	0	15,238
Debt Service:						
Principal Retirement	0	0	105,000	0	0	105,000
Interest & Fiscal Charges	0	0	37,245	0	0	37,245
Total Expenditures	10,092,290	736,996	142,245	0	0	10,971,531
Excess of Revenues Over (Under) Expenditures	(514,441)	(21,581)	(142,245)	35,813	40,468	(601,986)
Other Financing Sources (Uses):						
Operating Transfers In	0	21,875	142,245	0	0	164,120
Operating Transfers Out	(164,120)	0	0	0	0	(164,120)
Total Other Financing Sources (Uses)	(164,120)	21,875	142,245	0	0	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(678,561)	294	0	35,813	40,468	(601,986)
Fund Balance, Beginning of Year	1,837,540	239,545	18,189	9,127	0	2,104,401
Fund Balance, End of Year	\$1,158,979	\$239,839	\$18,189	\$44,940	\$40,468	\$1,502,415

See accompanying notes.

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Deer Park City School District
Hamilton County

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

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$6,182,257	\$6,182,257	\$0	\$0	\$0	\$0
Intergovernmental	3,618,797	3,618,797	0	565,835	565,835	0
Investment	128,971	128,971	0	4,002	4,002	0
Tuition & Fees	73,263	73,263	0	0	0	0
Extracurricular Activities	16,990	16,990	0	106,039	106,039	0
Miscellaneous	80,515	80,515	0	38,864	38,864	0
Total Revenues	10,100,793	10,100,793	0	714,740	714,740	0
Expenditures:						
Current:						
Instruction:						
Regular	4,788,719	4,788,719	0	117,353	72,132	45,221
Special	1,247,843	1,247,843	0	52,715	52,715	0
Vocational	138,133	138,133	0	0	0	0
Other	0	0	0	694	694	0
Support Services:						
Pupils	540,708	540,708	0	89,910	89,910	0
Instructional Staff	383,822	383,822	0	194,068	154,068	40,000
Board of Education	57,606	57,606	0	0	0	0
Administration	973,982	973,982	0	4,495	4,495	0
Fiscal	316,910	316,910	0	0	0	0
Business	116,971	116,971	0	1,564	1,564	0
Operation & Maintenance of Plant	1,204,716	1,204,716	0	0	0	0
Pupil Transportation	185,965	185,965	0	0	0	0
Central	66,159	66,159	0	7,081	7,081	0
Operation of Non-Instructional Services	533	533	0	166,175	166,175	0
Extracurricular Activities	213,263	213,263	0	202,067	202,067	0
Capital Outlay	0	0	0	15,238	15,238	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
Total Expenditures	10,235,330	10,235,330	0	851,360	766,139	85,221
Excess (Deficiency) of Revenues Over Under Expenditures	(134,537)	(134,537)	0	(136,620)	(51,399)	85,221
Other Financing Sources (Uses):						
Operating Transfers In	0	0	0	21,875	21,875	0
Operating Transfers Out	(164,120)	(164,120)	0	0	0	0
Advances In	2,368	2,368	0	2,363	2,363	0
Advances Out	(2,363)	(2,363)	0	(2,368)	(2,368)	0
Total Other Financing Sources (Uses)	(164,115)	(164,115)	0	21,870	21,870	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(298,652)	(298,652)	0	(114,750)	(29,529)	85,221
Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)	782,090	782,090	0	269,752	269,752	0
Fund Balance, End of Year	\$483,438	\$483,438	\$0	\$155,002	\$240,223	\$85,221

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$6,182,257	\$6,182,257	\$0
0	0	0	35,813	35,813	0	4,220,445	4,220,445	0
0	0	0	0	0	0	132,973	132,973	0
0	0	0	0	0	0	73,263	73,263	0
0	0	0	0	0	0	123,029	123,029	0
0	0	0	0	0	0	119,379	119,379	0
0	0	0	35,813	35,813	0	10,851,346	10,851,346	0
0	0	0	0	0	0	4,906,072	4,860,851	45,221
0	0	0	0	0	0	1,300,558	1,300,558	0
0	0	0	0	0	0	138,133	138,133	0
0	0	0	0	0	0	694	694	0
0	0	0	0	0	0	630,618	630,618	0
0	0	0	0	0	0	577,890	537,890	40,000
0	0	0	0	0	0	57,606	57,606	0
0	0	0	0	0	0	978,477	978,477	0
0	0	0	0	0	0	316,910	316,910	0
0	0	0	0	0	0	118,535	118,535	0
0	0	0	0	0	0	1,204,716	1,204,716	0
0	0	0	0	0	0	185,965	185,965	0
0	0	0	0	0	0	73,240	73,240	0
0	0	0	0	0	0	166,708	166,708	0
0	0	0	0	0	0	415,330	415,330	0
0	0	0	0	0	0	15,238	15,238	0
105,000	105,000	0	0	0	0	105,000	105,000	0
37,245	37,245	0	0	0	0	37,245	37,245	0
142,245	142,245	0	0	0	0	11,228,935	11,143,714	85,221
(142,245)	(142,245)	0	35,813	35,813	0	(377,589)	(292,368)	85,221
142,245	142,245	0	0	0	0	164,120	164,120	0
0	0	0	0	0	0	(164,120)	(164,120)	0
0	0	0	0	0	0	4,731	4,731	0
0	0	0	0	0	0	(4,731)	(4,731)	0
142,245	142,245	0	0	0	0	0	0	0
0	0	0	35,813	35,813	0	(377,589)	(292,368)	85,221
18,190	18,190	0	9,127	9,127	0	1,079,159	1,079,159	0
\$18,190	\$18,190	\$0	\$44,940	\$44,940	\$0	\$701,570	\$786,791	\$85,221

Deer Park City School District
Hamilton County

Combined Statement of Revenues, Expenses
And Changes in Retained Earnings
Enterprise Fund
For the Year Ended June 30, 2000

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Revenues:	
Sales	<u>319,871</u>
Total Operating Revenues	<u>319,871</u>
Operating Expenses:	
Salaries	130,342
Fringe Benefits	45,000
Purchased Services	59,265
Materials & Supplies	197,139
Depreciation	11,080
Other Operating Expenses	<u>1,477</u>
Total Operating Expenses	<u>444,303</u>
Operating Income (Loss)	<u>(124,432)</u>
Non-Operating Revenues (Expenses):	
Investment Revenue	699
Miscellaneous Revenue	1,477
Donated Commodities	26,061
Operating Grants - State & Local	2,470
Operating Grants - Federal	<u>56,282</u>
Total Non-Operating Revenues	<u>86,989</u>
Net Income	(37,443)
Retained Earnings, Beginning of Year	<u>147,286</u>
Retained Earnings, End of Year	<u><u>\$109,843</u></u>

See accompanying notes.

Deer Park City School District
Hamilton County

Combined Statement of Cash Flows
Enterprise Fund
For the Year Ended June 30, 2000

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Cash Flows from Operating Activities:	
Cash Received from Sales	319,871
Cash Payments for Personal Services	(152,945)
Cash Payments for Contract Services	(59,267)
Cash Payments for Supplies & Materials	(178,314)
Cash Payments for Other Expenses	<u>(1,477)</u>
Net Cash Provided (Used) by Operating Activities	<u>(72,132)</u>
Cash Flows from Non-Capital Financing Activities:	
Cash Received from Other Funds	1,477
Cash Received from Operating Grants	58,752
Cash Received from Investment Earnings	<u>674</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>60,903</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(11,229)
Cash and Cash Equivalents at Beginning of Year	<u>78,578</u>
Cash and Cash Equivalents at End of Year	<u><u>\$67,349</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	(\$124,432)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	11,080
Donated Commodities Used	26,061
Changes in Assets and Liabilities:	
(Increase) Decrease in Materials & Supplies Inventory	(5,663)
Increase (Decrease) in Accounts Payable	(125)
Increase (Decrease) in Accrued Wages & Benefits	21,104
Increase (Decrease) in Compensated Absences Payable	1,293
Increase (Decrease) in Deferred Revenue	<u>(1,450)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$72,132)</u></u>

See accompanying notes.

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**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000**

1. DESCRIPTION OF THE DISTRICT

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

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and /or federal agencies. This Board controls the District's instructional and support facilities staffed by 72 non-certificated personnel and 109 certificated full time teaching and administrative personnel to provide services to students and other community members.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

2. The District appointed a voting majority of the organization's governing body; and (a) was able to impose its will on that organization; or (b) there was a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District; or

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

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

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

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

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

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

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

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

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

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

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

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

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

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

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Fund.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, except those accounted for in the Proprietary Fund.

C. Measurement Focus/Basis of Accounting

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

Proprietary Fund types are accounted for on a cost of services, or "economic resources," measurement focus. Proprietary Fund type income statements represent increases and decreases in net total assets.

Basis of Accounting - The modified accrual basis of accounting is followed for Governmental, Expendable Trust, and Agency Funds. Under this basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after fiscal year end. Revenue considered susceptible to accrual includes but is not limited to, interest, tuition and state and federal grants. Property taxes measurable but neither available to finance the current fiscal year expenditures, nor intended to finance the current year expenditures are deferred revenue. Expenditures are recognized in the period in which the related fund liability is incurred, except interest on long-term debt which is recorded when due.

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

D. Budgetary Data

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

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

The actual results of operations, compared to the final appropriation, for each fund type by expenditure function and revenue by source are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (non-GAAP Budgetary Basis). The reserve for encumbrances is carried forward as part of the budgetary authority for the next year and is included in the revised budget amounts shown in the budget to actual comparisons. The District is required by state statute to adopt an annual appropriated budget for all Governmental Fund types. The specific timetable is as follows:

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

1. Prior to January 15 of the preceding fiscal year, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing or increased tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts by formal resolution the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund and function level of expenditures, which are legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation or the total function appropriations within a fund must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriation amounts. All supplemental appropriations were legally enacted by the Board.

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

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

E. Encumbrances

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

F. Equity in Pooled Cash and Investments

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

For purposes of the Statement of Cash Flows (GASB Statement No. 9) all highly liquid investments with a maturity of three months or less when acquired, are considered to be cash equivalents and are included under the heading "Equity in pooled cash and investments".

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2000.

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

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

G. Inventory (Materials and Supplies)

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

H. Fixed Assets and Depreciation

1. General Fixed Assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than 5 years.
2. Proprietary Funds - Equipment reflected in the Proprietary Funds is stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

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

I. Intergovernmental Revenues

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

J. Compensated Absences

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

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

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

K. Interfund Transactions

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

1. Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds. The District had no advances to/from other funds at June 30, 2000.

L. Long-Term Obligations

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Obligation Account Group.

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

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

M. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, property tax advances, set aside for a budget stabilization reserve, and debt service. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within specific purpose of those funds.

N. Memorandum Only - Total Columns

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

O. Proprietary Fund Accounting

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

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

6. The State Treasurer's investment pool (STAR Ohio); and,
7. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available investment one time.

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

At year-end the carrying amount of the District's deposits was \$545,988. The bank balance of deposits was \$811,908 and of the bank balance, \$200,000 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized as defined by GASB. Although the securities were held by the pledging financial institutions' trust department in the District's name and all statutory requirements for the investment of the money had been followed, noncompliance with the federal requirements would potentially subject the money held in the District's name to a successful claim by the FDIC.

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

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

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

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

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

<u>INVESTMENTS</u>	<u>RISK CATEGORY</u>	<u>CARRYING VALUE/ FAIR VALUE</u>
(1) (Star Ohio)	N/A	423,284
Federal Government Security	Category 2	<u>195,190</u>
		<u>\$618,474</u>

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

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

4. PROPERTY TAXES

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

Tangible Personal	\$ 22,306,720
Public Utility and Real Estate	<u>180,208,300</u>
Total Assessed Property Value	<u>\$ 202,515,020</u>

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

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

The County Auditor remits portions of the taxes collected with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal Property Taxes in June and October to all taxing districts.

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of the current year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$1,568,800 and was recognized as revenue. The amount, which was available for advance at June 30, 1999 was \$2,084,000.

5. FIXED ASSETS

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

<u>Class</u>	<u>7-01-99</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-00</u>
Land & Land Improvements	\$691,163	\$ 9,600	\$ 0	\$ 700,763
Building & Building Improvements	25,552,078	92,049	0	25,644,127
Furniture, Fixtures & Equipment	<u>1,841,367</u>	<u>201,772</u>	<u>152,752</u>	<u>1,890,387</u>
Totals	<u>\$28,084,608</u>	<u>\$303,421</u>	<u>\$152,752</u>	<u>\$28,235,277</u>

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

Equipment	\$149,719
Less Accumulated Depreciation	<u>(89,319)</u>
Net Fixed Assets	<u>\$ 60,400</u>

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

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

During the year-ended June 30, 2000, the following changes occurred in the General Long-Term Obligations Account Group:

	<u>Balance Beginning of Year</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance End of Year</u>
General Obligation Notes	\$ 365,000	\$ 0	(\$ 85,000)	\$ 280,000
General Obligation Bonds	305,000	0	(20,000)	285,000
Compensated Absences	594,146	0	(164,028)	430,118
Accrued Wages and Benefits	<u>65,887</u>	<u>10,396</u>	<u>0</u>	<u>76,283</u>
TOTAL	<u>\$1,330,033</u>	<u>\$10,396</u>	<u>(\$269,028)</u>	<u>\$1,071,401</u>

7. LONG-TERM DEBT

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

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 7/01/99</u>	<u>Issued 2000</u>	<u>Retired 2000</u>	<u>Balance 6/30/00</u>
Energy Conservation Retrofit Notes	5.65	04/01/93	04/01/03	365,000	0	85,000	280,000
Energy Conservation Retrofit Bonds	5.45	04/01/97	04/01/07	<u>305,000</u>	<u>0</u>	<u>20,000</u>	<u>285,000</u>
TOTAL				<u>\$ 670,000</u>	<u>\$ 0</u>	<u>\$105,000</u>	<u>\$565,000</u>

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

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

Year-ending <u>June 30</u>	<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2001	20,000	15,532	90,000	15,820
2002	20,000	14,442	95,000	10,735
2003	20,000	13,353	95,000	5,367
2004	50,000	12,264	0	0
2005	55,000	9,538	0	0
Thereafter	<u>120,000</u>	<u>9,810</u>	<u>0</u>	<u>0</u>
Total	<u>\$285,000</u>	<u>\$74,939</u>	<u>\$280,000</u>	<u>\$31,922</u>

8. SEGMENT INFORMATION

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

	<u>Food Services</u>	<u>Uniform School Supply</u>	<u>Total</u>
Operating Revenue	\$319,896	\$ 0	\$319,896
Operating Expenses Before Depreciation	419,950	13,273	433,223
Depreciation	11,080	0	11,080
Operating Income (Loss)	(111,134)	(13,273)	(124,407)
Operating Grants	58,752	0	58,752
Donated Commodities	26,061	0	26,061
Investment Revenue	674	0	674
Miscellaneous Revenue	1,477	0	1,477

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

Net Income (Loss)	(24,170)	(13,273)	(37,443)
Net Working Capital	(10,347)	59,790	49,443
Total Assets	91,438	59,790	151,228
Total Liability	41,385	0	41,385
Total Equity	50,053	59,790	109,843

9. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 2000, 1999, and 1998 were \$229,128, \$200,112 and \$190,086 respectively. \$121,980 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds and is expected to be paid from current available financial resources.

B. State Teachers Retirement System

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2000, 1999 and 1998 were \$720,852, \$692,892, and \$678,576, respectively, equal to the required contributions for each year. \$125,380 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds and is expected to be paid from current available financial resources.

C. Post Employment Benefits

For the State Teachers Retirement System, no premiums are currently paid by retirees or primary benefit recipients; however, monthly payments are required for covered spouses and other dependents. Benefits are funded on pay-as-you-go basis through an allocation of employer contributions to the System equal to two percent of covered payroll. As of June 30, 1998 (the latest information available), eligible benefit recipients totaled 91,999 for the System as a whole.

For the School Employees Retirement System, all retirees with a retirement date prior to July 1, 1986, are eligible to receive benefits. Retirees with a retirement date on or after July 1, 1986, must have ten years of service credit to be eligible to receive benefits. Retirees with retirement dates on or after July 1, 1989, who have ten to twenty-five years of service credit must pay a portion of their own coverage. Retirees with a retirement date prior to July 1, 1989, and retirees with a retirement date on or after July 1, 1989 with more than twenty-five years of service credit do not pay a premium. Premium payments are required for all covered spouses and dependents. For this fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll.

As of June 30, 1998 (the latest information available), the number of retirees and covered dependents currently receiving benefits was approximately 50,000. Actuarial contribution requirements are determined for the SERS as a whole, not for individual employers. Net assets available for payment of benefits at June 30, 1998 (the latest information available) was \$160.3 million for the System as a whole. Health care benefits are financed on a pay as-you-go basis.

10. BUDGETARY BASIS OF ACCOUNTING

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

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

<u>Governmental Fund Types</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
GAAP Basis	(\$678,561)	294	\$ 0	\$ 35,813
Net Adjustment for Revenue Accruals	525,312	1,688	0	0
Net Adjustment for Expenditure Accruals	49,748	22,211	0	0
Net Adjustment for Encumbrances	<u>(195,151)</u>	<u>(53,722)</u>	<u>0</u>	<u>0</u>
Budgetary Basis	<u>(\$298,652)</u>	<u>(\$ 29,529)</u>	<u>\$ 0</u>	<u>\$35,813</u>

11. CONTINGENT LIABILITIES

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

12. JOINTLY GOVERNED ORGANIZATIONS

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

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

13. RISK MANAGEMENT

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

A summary of significant coverage follows:

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

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

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

14. UNCERTAINTIES

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amount of monetary support to this District. During the fiscal year-ended June 30, 2000, the School District received \$2,552,721 of school foundation support for its general fund.

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

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

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

15. LITIGATION

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2000
(Continued)**

16. STATUTORY RESERVES

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, Beginning of year	\$0	\$154,517	\$53,055
Required Set-Aside	236,836	236,836	78,945
Offset Credits	0	0	0
Qualifying Expenditures	<u>(236,836)</u>	<u>(391,353)</u>	<u>0</u>
Balance, End of year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$132,000</u>

Offsets and Expenditures for textbook and capital maintenance activity during the year were \$311,017 and \$521,776, respectively, which exceeded the required set-aside and the reserve balance.

17. COMPLIANCE AND ACCOUNTABILITY

The Ohio Reads, Title I, and the Miscellaneous Federal Grants Funds had total appropriations, which exceeded total estimated revenue.

Deer Park City School District
Hamilton County

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Equity in Pooled Cash and Investments	\$574,516	\$269,753	\$18,189	\$9,127
Restricted Cash	207,572	0	0	0
Receivables:				
Taxes	6,735,804	0	0	0
Intergovernmental	1,126	0	0	0
Accounts	17,029	0	0	0
Accrued Interest	6,752	290	0	0
Interfund Receivable	2,368	0	0	0
Inventory	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds				
	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations				
	0	0	0	0
Total Assets & Other Debits	\$7,545,167	\$270,043	\$18,189	\$9,127
Liabilities, Fund Equity & Other Credits:				
Liabilities:				
Accounts Payable	\$99,298	\$5,406	\$0	\$0
Accrued Wages & Benefits	866,382	22,724	0	0
Compensated Absences Payable	90,031	0	0	0
Interfund Payable	0	2,368	0	0
Intergovernmental Payable	112	0	0	0
Deferred Revenue	4,651,804	0	0	0
Due to Students and Others	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
General Obligation Notes Payable	0	0	0	0
Total Liabilities	5,707,627	30,498	0	0
Fund Equity & Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	185,262	58,289	0	0
Reserved for Property Tax Advances	2,084,000	0	0	0
Reserved for Set-Asides	207,572	0	0	0
Reserved for Debt Service	0	0	18,189	0
Unreserved & Undesignated	(639,294)	181,256	0	9,127
Total Fund Equity (Deficit) & Other Credits	1,837,540	239,545	18,189	9,127
Total Liabilities, Fund Equity & Other Credits	\$7,545,167	\$270,043	\$18,189	\$9,127

See accompanying notes.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$78,578	\$16,253	\$0	\$0	\$966,416
0	0	0	0	207,572
0	0	0	0	6,735,804
0	0	0	0	1,126
0	0	0	0	17,029
9	0	0	0	7,051
0	0	0	0	2,368
17,791	0	0	0	17,791
71,480	0	28,084,608	0	28,156,088
0	0	0	18,189	18,189
0	0	0	1,311,844	1,311,844
<u>\$167,858</u>	<u>\$16,253</u>	<u>\$28,084,608</u>	<u>\$1,330,033</u>	<u>\$37,441,278</u>
\$184	\$0	\$0	\$0	\$104,888
8,317	0	0	65,887	963,310
4,400	0	0	594,146	688,577
0	0	0	0	2,368
0	0	0	0	112
7,671	0	0	0	4,659,475
0	16,253	0	0	16,253
0	0	0	305,000	305,000
0	0	0	365,000	365,000
<u>20,572</u>	<u>16,253</u>	<u>0</u>	<u>1,330,033</u>	<u>7,104,983</u>
0	0	28,084,608	0	28,084,608
147,286	0	0	0	147,286
0	0	0	0	243,551
0	0	0	0	2,084,000
0	0	0	0	207,572
0	0	0	0	18,189
0	0	0	0	(448,911)
<u>147,286</u>	<u>0</u>	<u>28,084,608</u>	<u>0</u>	<u>30,336,295</u>
<u>\$167,858</u>	<u>\$16,253</u>	<u>\$28,084,608</u>	<u>\$1,330,033</u>	<u>\$37,441,278</u>

Deer Park City School District
Hamilton County

Combined Statement of Revenues, Expenditures
And Changes in Fund Balance
All Governmental Fund Types
For the Year Ended June 30, 1999

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Taxes	\$6,739,454	\$0	\$0	\$0	\$6,739,454
Intergovernmental	3,350,845	442,445	0	0	3,793,290
Investment	130,069	3,490	0	0	133,559
Tuition & Fees	16,287	0	0	0	16,287
Extracurricular Activities	16,770	107,538	0	0	124,308
Miscellaneous	88,236	17,718	0	0	105,954
Total Revenues	10,341,661	571,191	0	0	10,912,852
Expenditures:					
Current:					
Instruction:					
Regular	4,589,012	5,826	0	0	4,594,838
Special	1,074,969	59,737	0	0	1,134,706
Vocational	129,910	0	0	0	129,910
Other	0	542	0	0	542
Support Services:					
Pupils	475,904	139,001	0	27,195	642,100
Instructional Staff	404,693	69,344	0	0	474,037
Board of Education	61,215	0	0	0	61,215
Administration	887,763	4,850	0	0	892,613
Fiscal	308,576	0	0	0	308,576
Business	118,007	0	0	0	118,007
Operation & Maintenance of Plant	1,089,546	0	0	0	1,089,546
Pupil Transportation	164,201	0	0	0	164,201
Central	57,844	0	0	0	57,844
Operation of Non-Instructional Services	0	170,413	0	0	170,413
Extracurricular Activities	217,080	138,057	0	0	355,137
Debt Service:					
Principal Retirement	0	0	110,000	0	110,000
Interest & Fiscal Charges	0	0	43,623	0	43,623
Total Expenditures	9,578,720	587,770	153,623	27,195	10,347,308
Excess of Revenues Over (Under) Expenditures	762,941	(16,579)	(153,623)	(27,195)	565,544
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	110	0	0	0	110
Operating Transfers In	0	51,116	153,623	0	204,739
Operating Transfers Out	(204,739)	0	0	0	(204,739)
Total Other Financing Sources (Uses)	(204,629)	51,116	153,623	0	110
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	558,312	34,537	0	(27,195)	565,654
Fund Balance, Beginning of Year	1,279,228	205,008	18,189	36,322	1,538,747
Fund Balance, End of Year	\$1,837,540	\$239,545	\$18,189	\$9,127	\$2,104,401

See accompanying notes.

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Deer Park City School District
Hamilton County

Combined Statement of Revenues, Expenditures
And Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
All Governmental Fund Types
For the Year Ended June 30, 1999

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$5,976,454	\$5,976,454	\$0	\$0	\$0	\$0
Intergovernmental	3,349,719	3,349,719	0	443,978	443,978	0
Investment	128,885	128,885	0	3,205	3,205	0
Tuition & Fees	16,252	16,252	0	0	0	0
Extracurricular Activities	16,770	16,770	0	107,538	107,538	0
Miscellaneous	71,428	71,428	0	16,938	16,938	0
Total Revenues	9,559,508	9,559,508	0	571,659	571,659	0
Expenditures:						
Current:						
Instruction:						
Regular	4,667,921	4,667,921	0	5,826	5,826	0
Special	1,132,571	1,132,571	0	60,547	60,547	0
Vocational	131,958	131,958	0	0	0	0
Other	0	0	0	607	607	0
Support Services:						
Pupils	474,435	474,435	0	140,229	140,229	0
Instructional Staff	423,607	423,607	0	74,048	74,048	0
Board of Education	63,910	63,910	0	0	0	0
Administration	876,812	876,812	0	4,850	4,850	0
Fiscal	307,691	307,691	0	0	0	0
Business	123,107	123,107	0	0	0	0
Operation & Maintenance of Plant	1,197,685	1,197,685	0	0	0	0
Pupil Transportation	161,045	161,045	0	0	0	0
Central	66,213	66,213	0	0	0	0
Operation of Non-Instructional Services	0	0	0	176,520	176,520	0
Extracurricular Activities	217,588	217,588	0	189,344	189,344	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
Total Expenditures	9,844,543	9,844,543	0	651,971	651,971	0
Excess (Deficiency) of Revenues Over Under Expenditures	(285,035)	(285,035)	0	(80,312)	(80,312)	0
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	110	110	0	0	0	0
Refund of Prior Year Expenditures	1,050	1,050	0	780	780	0
Refund of Prior Year Receipts	(80)	(80)	0	0	0	0
Operating Transfers In	0	0	0	51,116	51,116	0
Operating Transfers Out	(207,739)	(207,739)	0	0	0	0
Advances In	417	417	0	2,368	2,368	0
Advances Out	(2,368)	(2,368)	0	(417)	(417)	0
Total Other Financing Sources (Uses)	(208,610)	(208,610)	0	53,847	53,847	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(493,645)	(493,645)	0	(26,465)	(26,465)	0
Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)	991,065	991,065	0	232,520	232,520	0
Fund Balance, End of Year	\$497,420	\$497,420	\$0	\$206,055	\$206,055	\$0

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$5,976,454	\$5,976,454	\$0
0	0	0	0	0	0	3,793,697	3,793,697	0
0	0	0	0	0	0	132,090	132,090	0
0	0	0	0	0	0	16,252	16,252	0
0	0	0	0	0	0	124,308	124,308	0
0	0	0	0	0	0	88,366	88,366	0
0	0	0	0	0	0	10,131,167	10,131,167	0
0	0	0	0	0	0	4,673,747	4,673,747	0
0	0	0	0	0	0	1,193,118	1,193,118	0
0	0	0	0	0	0	131,958	131,958	0
0	0	0	0	0	0	607	607	0
0	0	0	27,195	27,195	0	641,859	641,859	0
0	0	0	0	0	0	497,655	497,655	0
0	0	0	0	0	0	63,910	63,910	0
0	0	0	0	0	0	881,662	881,662	0
0	0	0	0	0	0	307,691	307,691	0
0	0	0	0	0	0	123,107	123,107	0
0	0	0	0	0	0	1,197,685	1,197,685	0
0	0	0	0	0	0	161,045	161,045	0
0	0	0	0	0	0	66,213	66,213	0
0	0	0	0	0	0	176,520	176,520	0
0	0	0	0	0	0	406,932	406,932	0
110,000	110,000	0	0	0	0	110,000	110,000	0
43,623	43,623	0	0	0	0	43,623	43,623	0
153,623	153,623	0	27,195	27,195	0	10,677,332	10,677,332	0
(153,623)	(153,623)	0	(27,195)	(27,195)	0	(546,165)	(546,165)	0
0	0	0	0	0	0	110	110	0
0	0	0	0	0	0	1,830	1,830	0
0	0	0	0	0	0	(80)	(80)	0
153,623	153,623	0	0	0	0	204,739	204,739	0
0	0	0	0	0	0	(207,739)	(207,739)	0
0	0	0	0	0	0	2,785	2,785	0
0	0	0	0	0	0	(2,785)	(2,785)	0
153,623	153,623	0	0	0	0	(1,140)	(1,140)	0
0	0	0	(27,195)	(27,195)	0	(547,305)	(547,305)	0
18,189	18,189	0	36,323	36,323	0	1,278,097	1,278,097	0
\$18,189	\$18,189	\$0	\$9,128	\$9,128	\$0	\$730,792	\$730,792	\$0

Deer Park City School District
Hamilton County

Combined Statement of Revenues, Expenses
And Changes in Retained Earnings
Enterprise Fund
For the Year Ended June 30, 1999

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Revenues:	
Sales	\$281,127
Tuition & Fees	<u>52,269</u>
Total Operating Revenues	<u>333,396</u>
Operating Expenses:	
Salaries	115,711
Fringe Benefits	48,138
Purchased Services	49,902
Materials & Supplies	211,707
Depreciation	<u>9,494</u>
Total Operating Expenses	<u>434,952</u>
Operating Income (Loss)	<u>(101,556)</u>
Non-Operating Revenues (Expenses):	
Investment Revenue	328
Donated Commodities	28,741
Operating Grants - State & Local	3,117
Operating Grants - Federal	<u>54,226</u>
Total Non-Operating Revenues	<u>86,412</u>
Net Income (Loss)	(15,144)
Retained Earnings, Beginning of Year	<u>162,430</u>
Retained Earnings, End of Year	<u><u>\$147,286</u></u>

See accompanying notes.

Deer Park City School District
Hamilton County

Combined Statement of Cash Flows
Enterprise Fund
For the Year Ended June 30, 1999

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Cash Flows from Operating Activities:	
Cash Received from Tuition & Fees	\$52,461
Cash Received from Sales	281,127
Cash Payments for Personal Services	(166,950)
Cash Payments for Contract Services	(49,850)
Cash Payments for Supplies & Materials	<u>(186,145)</u>
Net Cash Provided (Used) by Operating Activities	<u>(69,357)</u>
Cash Flows from Non-Capital Financing Activities:	
Cash Received from Operating Grants	57,343
Cash Received from Investment Earnings	<u>319</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>57,662</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	<u>(25,817)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(25,817)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(37,512)
Cash and Cash Equivalents at Beginning of Year	<u>116,090</u>
Cash and Cash Equivalents at End of Year	<u><u>\$78,578</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	(\$101,556)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	9,494
Donated Commodities Used	28,741
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivables	192
(Increase) Decrease in Materials & Supplies Inventory	(6,169)
Increase (Decrease) in Accounts Payable	184
Increase (Decrease) in Accrued Wages & Benefits	221
Increase (Decrease) in Compensated Absences Payable	(3,322)
Increase (Decrease) in Deferred Revenue	<u>2,858</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$69,357)</u></u>

See accompanying notes.

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**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999**

1. DESCRIPTION OF THE DISTRICT

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

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and /or federal agencies. This Board controls the District's instructional and support facilities staffed by 72 non-certificated personnel and 109 certificated full time teaching and administrative personnel to provide services to students and other community members.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

1. The District appointed a voting majority of the organization's governing body; and (a) was able to impose its will on that organization; or (b) there was a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District; or

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

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

The District included no component units in the accompanying financial statements. However, the District is associated with two jointly governed organizations, Hamilton Clermont Cooperative Association and Great Oaks Institute of Technology and Career Development. These organizations are presented in Note 13 of the general purpose financial statements.

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

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

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

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

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

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

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

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

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

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

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

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Fund.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, except those accounted for in the Proprietary Fund.

C. Measurement Focus/Basis of Accounting

Measurement Focus: Governmental Fund types are accounted for on a spending, or "current financial resources," measurement focus. Governmental Fund types operating statements

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

represent increases and decreases in net current assets. Their reported fund balances are considered a measure of available spendable resources.

Proprietary Fund types are accounted for on a cost of services, or "economic resources," measurement focus. Proprietary Fund type income statements represent increases and decreases in net total assets.

Basis of Accounting - The modified accrual basis of accounting is followed for Governmental and Agency Funds. Under this basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after fiscal year end. Revenue considered susceptible to accrual includes but is not limited to, interest, tuition and state and federal grants. Property taxes measurable but neither available to finance the current fiscal year expenditures, nor intended to finance the current year expenditures are deferred revenue. Expenditures are recognized in the period in which the related fund liability is incurred, except interest on long-term debt which is recorded when due.

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

D. Budgetary Data

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

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

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

to actual comparisons. The District is required by state statute to adopt an annual appropriated budget for all Governmental Fund types. The specific timetable is as follows:

1. Prior to January 15 of the preceding fiscal year, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing or increased tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts by formal resolution the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund and function level of expenditures, which are legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation or the total function appropriations within a fund must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

increased the original appropriation amounts. All supplemental appropriations were legally enacted by the Board.

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

E. Encumbrances

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

F. Equity in Pooled Cash and Investments

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

For purposes of the Statement of Cash Flows (GASB Statement No. 9) all highly liquid investments with a maturity of three months or less when acquired, are considered to be cash equivalents and are included under the heading "Equity in pooled cash and investments".

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 1999.

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

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

G. Inventory (Materials and Supplies)

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

H. Fixed Assets and Depreciation

1. General Fixed Assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than 5 years.
2. Proprietary Funds - Equipment reflected in the Proprietary Funds is stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

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

I. Intergovernmental Revenues

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

J. Compensated Absences

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

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

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

K. Interfund Transactions

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

1. Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds. The District had no advances to/from other funds at June 30, 1999.

L. Long-Term Obligations

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a Governmental Fund. The

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

remaining portion of such obligations is reported in the General Long-Term Obligation Account Group.

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

M. Fund Equity

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, property tax advances, set aside for a budget stabilization reserve, and debt service. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within specific purpose of those funds.

N. Memorandum Only - Total Columns

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

O. Proprietary Fund Accounting

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

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

Active Monies - Those monies that are required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

as cash in the District treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and,
7. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.
8. Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for one time investment.

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

At year-end the carrying amount of the District's deposits was \$74,518. The bank balance of deposits was \$360,555 and of the bank balance, \$150,000 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized as defined by GASB. Although the securities were held by the pledging financial institutions' trust department in the District's name and all statutory requirements for the investment of the money had been followed, noncompliance with the federal requirements would potentially subject the money held in the District's name to a successful claim by the FDIC.

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

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

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

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

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

<u>INVESTMENTS</u>	<u>RISK CATEGORY</u>	<u>CARRYING VALUE/ FAIR VALUE</u>
(1) State Treasury Pool (Star Ohio)	N/A	1,099,470

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

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

4. PROPERTY TAXES

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 1999 were based, are as follows:

Tangible Personal	\$ 21,950,020
Public Utility and Real Estate	<u>154,168,240</u>
Total Assessed Property Value	<u>\$ 176,118,260</u>

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

The County Auditor remits portions of the taxes collected with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal Property Taxes in June and October to all taxing districts.

The District receives property taxes from the County Auditor. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999 are available to finance current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of the current year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999 was \$2,084,000 and was recognized as revenue. The amount, which was available for advance at June 30, 1998, was \$1,321,000.

5. FIXED ASSETS

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

<u>Class</u>	<u>7-01-98</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-99</u>
Land & Land Improvements	\$691,163	\$ 0	\$ 0	\$ 691,163
Building & Building Improvements	25,380,885	171,193	0	25,552,078
Furniture, Fixtures & Equipment	<u>1,679,567</u>	<u>169,544</u>	<u>7,744</u>	<u>1,841,367</u>
Totals	<u>\$27,751,615</u>	<u>\$340,737</u>	<u>\$7,744</u>	<u>\$28,084,608</u>

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

Equipment	\$149,719
Less Accumulated Depreciation	<u>(78,240)</u>
Net Fixed Assets	<u>\$71,479</u>

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

During the year-ended June 30, 1999, the following changes occurred in the General Long-Term Obligations Account Group:

	<u>Balance Beginning of Year</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance End of Year</u>
General Obligation Notes	\$ 425,000	\$ 0	(\$ 60,000)	\$ 365,000
General Obligation Bonds	355,000	0	(50,000)	305,000
Compensated Absences	547,524	46,622	0	594,146
Accrued Wages and Benefits	<u>56,578</u>	<u>9,309</u>	<u>0</u>	<u>65,887</u>
TOTAL	<u>\$1,384,102</u>	<u>\$55,931</u>	<u>(\$110,000)</u>	<u>\$1,330,033</u>

7. LONG-TERM DEBT

All current obligation bonds and notes outstanding, issued to provide funds for the acquisition of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

are accounted for in the General Long-Term Obligation Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund.

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 7/01/98</u>	<u>Issued 1999</u>	<u>Retired 1999</u>	<u>Balance 6/30/99</u>
Energy Conservation Retrofit Bonds	6.2%	08/01/94	04/01/99	\$35,000	\$ 0	\$35,000	\$0
Energy Conservation Retrofit Notes	5.65	04/01/93	04/01/03	425,000	0	60,000	365,000
Energy Conservation Retrofit Bonds	5.45	04/01/97	04/01/07	<u>320,000</u>	<u>0</u>	<u>15,000</u>	<u>305,000</u>
TOTAL				<u>\$ 780,000</u>	<u>\$ 0</u>	<u>\$110,000</u>	<u>\$670,000</u>

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

<u>Year-ending</u> <u>June 30</u>	<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2000	20,000	16,622	85,000	20,622
2001	20,000	15,532	90,000	15,820
2002	20,000	14,442	95,000	10,735
2003	20,000	13,353	95,000	5,367
2004	50,000	12,264	0	0
Thereafter	<u>175,000</u>	<u>19,346</u>	<u>0</u>	<u>0</u>
Total	<u>\$305,000</u>	<u>\$91,559</u>	<u>\$365,000</u>	<u>\$52,544</u>

8. SEGMENT INFORMATION

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

	<u>Food Services</u>	Uniform School <u>Supply</u>	<u>Total</u>
Operating Revenue	\$281,127	\$52,269	\$333,396
Operating Expenses			
Before Depreciation	384,757	40,701	425,458
Depreciation	9,494	0	9,494
Operating Income (Loss)	(113,124)	11,568	(101,556)
Operating Grants	57,343	0	57,343
Donated Commodities	28,741	0	28,741
Investment Revenue	328	0	328
Net Income (Loss)	(26,712)	11,568	(15,144)
Net Working Capital	2,743	73,063	75,806
Total Assets	94,663	73,195	167,858
Total Liability	20,440	132	20,572
Total Equity	74,223	73,063	147,286

9. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 1999, 1998, and 1997 were \$200,112, \$190,086 and \$181,098 respectively. \$107,148 representing the unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds and is expected to be paid from current available financial resources.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 1999, 1998 and 1997 were \$692,892, \$678,576, and \$634,524, respectively, equal to the required contributions for each year. \$114,904 represents the unpaid contribution for fiscal year 1999, and is recorded as a liability within the respective funds and is expected to be paid from current available financial resources.

C. Post Employment Benefits

For the State Teachers Retirement System, no premiums are currently paid by retirees or primary benefit recipients; however, monthly payments are required for covered spouses and other dependents. Benefits are funded on pay-as-you-go basis through an allocation of employer contributions to the System equal to two percent of covered payroll. As of June 30, 1998 (the latest information available), eligible benefit recipients totaled 91,999 for the System as a whole.

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

For the School Employees Retirement System, all retirees with a retirement date prior to July 1, 1986, are eligible to receive benefits. Retirees with a retirement date on or after July 1, 1986, must have ten years of service credit to be eligible to receive benefits. Retirees with retirement dates on or after July 1, 1989, who have ten to twenty-five years of service credit, must pay a portion of their own coverage. Retirees with a retirement date prior to July 1, 1989, and retirees with a retirement date on or after July 1, 1989 with more than twenty-five years of service credit do not pay a premium. Premium payments are required for all covered spouses and dependents. For this fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll.

As of June 30, 1998 (the latest information available), the number of retirees and covered dependents currently receiving benefits was approximately 50,000. Actuarial contribution requirements are determined for the SERS as a whole, not for individual employers. Net assets available for payment of benefits at June 30, 1998 (the latest information available) was \$160.3 million for the System as a whole. Health care benefits are financed on a pay-as-you-go basis.

10. BUDGETARY BASIS OF ACCOUNTING

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

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

<u>Governmental Fund Types</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
GAAP Basis	\$558,312	\$34,537	\$0	(\$ 27,195)
Net Adjustment for Revenue Accruals	(780,686)	3,616	0	0
Net Adjustment for Expenditure Accruals	13,400	(921)	0	0
Net Adjustment for Encumbrances	<u>(284,671)</u>	<u>(63,697)</u>	<u>0</u>	<u>0</u>
Budgetary Basis	<u>(\$493,645)</u>	<u>(\$ 26,465)</u>	<u>\$ 0</u>	<u>(\$ 27,195)</u>

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

11. COMPLIANCE AND ACCOUNTABILITY

The Title VI-B, Title I, and the Student Activities funds had total appropriations, which exceeded total estimated revenue.

12. CONTINGENT LIABILITIES

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

13. JOINTLY GOVERNED ORGANIZATIONS

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

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

14. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The District addresses

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

these risks by maintaining a comprehensive risk management program through the purchase of various types of liability, inland marine, and property insurance from private carriers. Settled claims have not exceeded commercial coverage in any of the past three years.

A summary of significant coverage follows:

Building Contents-replacement cost (5,000 deductible)	\$22,953,600
Inland Marine Coverage (\$5,000/100 deductible)	22,953,600
Boiler and Machinery (\$1,000 deductible)	14,891,700
Automobile Liability (\$250 deductible)	2,000,000
Uninsured Motorists (\$250 deductible)	2,000,000
General Liability Per Occurrence	2,000,000
 Total General Liability Agregate Per Year	 5,000,000

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

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

15. UNCERTAINTIES

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amount of monetary support to this District. During the fiscal year-ended June 30, 1999, the School District received \$2,551,036 of school foundation support for its general fund.

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

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

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

16. LITIGATION

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

**DEER PARK CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 1999
(Continued)**

17. STATUTORY RESERVES

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, Beginning of year	\$0	\$0	\$53,055
Required Set-Aside	154,517	154,517	0
Offset Credits	(22,900)	0	0
Qualifying Expenditures	<u>(156,965)</u>	<u>0</u>	<u>0</u>
Balance, End of year	<u><u>\$0</u></u>	<u><u>\$154,517</u></u>	<u><u>\$53,055</u></u>

Offsets and Expenditures for textbook activity during the year were \$179,865, which exceeded the required set-aside and the reserve balance.



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Deer Park Community City School District
Hamilton County
8688 Donna Lane
Cincinnati, Ohio 45236

To the Board of Education:

We have audited the financial statements of Deer Park Community City School District, Hamilton County, Ohio (the District), as of and for the fiscal years ended June 30, 2000 and 1999, and have issued our report thereon dated November 17, 2000. 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 2000-10431-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 17, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2000-10431-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described above is not a material weakness.

Deer Park Community City School District
Hamilton County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of the Audit Committee, management, and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

November 17, 2000

**DEER PARK COMMUNITY CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2000 AND 1999**

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

FINDING NUMBER 2000-10431-001

Material Noncompliance /Reportable Condition

Ohio Rev. Code, Section 5705.39, requires that the total appropriation from each fund should not exceed the total estimated revenue. The following funds had total appropriations which exceeded the total estimated revenue:

Fund	Total Estimated Revenue	Total Appropriation	Variance
FY 2000:			
Ohio Reads Program	\$18,611	43,814	\$25,203
Miscellaneous federal grants	47,175	56,794	9,619
FY 1999:			
Title VI-B	132,589	134,157	1,568
Title I	51,910	52,710	800
Student Activities	46,947	53,400	6,453

The Certificate of Estimated Resources and Annual Appropriations for both years under audit, were not entered into the financial accounting computer system until year-end. The Treasurer should post all official budgetary documents to the accounting system when they are approved by the Board of Education. This will assist management in monitoring the District's compliance with Ohio Revised Code budgetary requirements.



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DEER PARK COMMUNITY CITY SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 13, 2001**