

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT**

**WOOD COUNTY**

**FINANCIAL STATEMENTS**

*Year Ended June 30, 2000*



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

---

**JIM PETRO, AUDITOR OF STATE**

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-728-7398

Board of Education  
North Baltimore Local School District  
North Baltimore, Ohio

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

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

**JIM PETRO**  
Auditor of State

December 20, 2000

## CONTENTS

	<b>PAGE</b>
Elected Officials	(i)
Administrative Personnel	(ii)
Index of Funds	(iii)
 <b>COMBINED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT</b>	
Independent Auditor's Report	1
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Funds	4-5
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - All Proprietary Fund Types	6
Combined Statement of Cash Flows - All Proprietary Fund Types	7
Notes to the General Purpose Financial Statements	8-27
 <b>INDEPENDENT AUDITOR'S REPORTS ON COMPLIANCE AND INTERNAL CONTROL</b>	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	28

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
201 SOUTH MAIN STREET  
NORTH BALTIMORE, OHIO 45872**

**WOOD COUNTY**

**ELECTED OFFICIALS  
AS OF JUNE 30, 2000**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
<b>BOARD OF EDUCATION</b>					
Sue Krassow	President	1/1/98 - 12/31/01	(A)	\$20,000	1/1/98 – 1/1/01
Margaret Bean	Vice President	1/1/98 - 12/31/01			
Shelly Simon	Member	1/1/97 - 12/31/00			
Dale Strang	Member	1/1/97 - 12/31/00			
Edythe Pelton	Member	1/1/98 - 12/31/01			

**STATUTORY LEGAL COUNSEL**

Alan R. Mayberry  
Wood County Prosecuting Attorney

(A) Nationwide Insurance Company

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
201 SOUTH MAIN STREET  
NORTH BALTIMORE, OHIO 45872**

**WOOD COUNTY**

**ADMINISTRATIVE PERSONNEL  
AS OF JUNE 30, 2000**

<u>TITLE</u>	<u>TERM OF OFFICE</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
<u>Superintendent</u>				
Richard G. VanMooy 201 South Main Street North Baltimore, Ohio 45872	8/1/96 - 7/31/99 and 8/1/99 - 7/31/03	(A)	\$20,000	1/1/98 - 1/1/01
<u>Treasurer</u>				
Eve M. Baldwin 201 South Main Street North Baltimore, Ohio 45872	1/1/98 - 1/1/01	(A)	\$20,000	1/1/98 - 1/1/02

(A) Nationwide Insurance Company

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY**

**INDEX OF FUNDS**

**GOVERNMENTAL FUND TYPES**

General Fund Type

General Fund

Special Revenue Fund Type

Public School Support Fund

District Managed Student Activity Fund

Community Education Fund

Management Information System (EMIS) Fund

Title I - Financial Assistance to Meet Special Educational Needs of

Disadvantaged Children Fund

Title II – Eisenhower Grant Fund

Title VI - Innovative Education Program Fund

School to Work Grant Fund

DPIA - Disadvantaged Pupils Impact Act

Professional Development Grant Fund

Goals 2000 Fund

Martha Holden Jennings Grant Fund

Drug Free Grant Fund

Ohio Reads Grant

Summer Intervention Grant

E-Rate Grant

Debt Service Fund Type

Bond Retirement Fund

Capital Projects Fund Type

Permanent Improvement Fund

SchoolNet Fund

Technology Equity Fund

Emergency School Building Repairs Fund

**PROPRIETARY FUND TYPES**

Enterprise Fund Type

Food Service Fund

Uniform School Supplies Fund

Internal Service Funds

Special Rotary Fund

Data Communication Support Fund

**FIDUCIARY FUND TYPES**

Agency Funds

Student Activity Fund(s)

Expendable Trust Funds

Marcus Hanna Trust Fund

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Education  
North Baltimore Local School District  
North Baltimore, Ohio

We have audited the accompanying general purpose financial statements of the North Baltimore Local School District, Wood County, (the District) as of and for the year ended June 30, 2000 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 the District, as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 3, 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



STEYER & CO.  
Certified Public Accountants

Defiance, Ohio  
November 3, 2000

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 2000**

	GOVERNMENTAL FUND TYPES				PROPRIETARY	FIDUCIARY	ACCOUNT		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets		General Long-term Obligations
<b>ASSETS AND OTHER DEBITS</b>										
Equity in pooled cash and cash investments	\$1,344,155	\$131,324	\$ 50,838	\$3,031,940	\$ 61,591	\$ -	\$20,755	\$ -	\$ -	\$ 4,640,603
Cash and cash equivalents with fiscal agents	-	10,311	-	-	-	-	-	-	-	10,311
Receivables										
Accounts receivable	307	-	-	-	371	-	-	-	-	678
Taxes	2,079,556	-	113,728	106,372	-	-	-	-	-	2,299,656
Accrued interest	21,903	-	-	25,760	-	-	-	-	-	47,663
Prepaid items	3,783	-	-	-	-	-	-	-	-	3,783
Restricted assets:										
Equity in pooled cash and cash investments	105,387	-	-	-	-	-	-	-	-	105,387
Inventory	-	-	-	-	15,528	-	-	-	-	15,528
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-	74,787	-	-	5,016,827	-	5,091,614
Amount to be provided from general government resources	-	-	-	-	-	-	-	-	3,999,768	3,999,768
Total Assets and Other Debits	<u>\$3,555,091</u>	<u>\$141,635</u>	<u>\$164,566</u>	<u>\$3,164,072</u>	<u>\$152,277</u>	<u>\$ -</u>	<u>\$20,755</u>	<u>\$5,016,827</u>	<u>\$3,999,768</u>	<u>\$16,214,991</u>

(Continued)



	GOVERNMENTAL FUND TYPES				PROPRIETARY	FIDUCIARY	ACCOUNT		Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects	FUND TYPES Enterprise	FUND TYPES Trust and Agency	General Fixed Assets	General Long-term Obligations		
<b>LIABILITIES</b>										
Accounts payable	\$ 79,984	\$ 3,333	\$ -	\$ 911	\$ 1,844	\$ -	\$ -	\$ -	\$ 86,072	
Accrued salaries and benefits	450,882	7,288	-		16,068	-	-	-	474,238	
Due to other governments	45,721	95	-		4,045	-	-	31,615	81,476	
Deferred revenue	1,960,572	-	92,496	98,825	-	-	-	-	2,151,893	
Other liabilities	-	-	-	-	-	-	18,355	-	18,355	
Compensated absences payable	28,385	-	-	-	9,770	-	-	315,882	354,037	
General obligation bonds payable	-	-	-	-	-	-	-	3,652,271	3,652,271	
Total Liabilities	2,565,544	10,716	92,496	99,736	31,727	-	18,355	3,999,768	6,818,342	
<b>FUND EQUITY AND OTHER CREDITS</b>										
Investment in general fixed assets	-	-	-	-	-	-	5,016,827	-	5,016,827	
Retained earnings	-	-	-	-	120,550	-	-	-	120,550	
Fund balances and other credits:										
Reserved for encumbrances	84,762	28,096	-	43,703	-	-	-	-	156,561	
Reserved for prepaid items	3,783	-	-	-	-	-	-	-	3,783	
Reserved for property taxes advances available	118,985	-	21,232	7,546	-	-	-	-	147,763	
HB 412 budget reserve	105,387	-	-	-	-	-	-	-	105,387	
Unreserved: Undesignated	676,630	102,823	50,838	3,013,087	-	-	2,400	-	3,845,778	
Total Fund Equity and Other Credits	989,547	130,919	72,070	3,064,336	120,550	-	2,400	5,016,827	9,396,649	
Total Liabilities, Fund Equity and Other Credits	<u>\$3,555,091</u>	<u>\$141,635</u>	<u>\$164,566</u>	<u>\$3,164,072</u>	<u>\$152,277</u>	<u>\$ -</u>	<u>\$20,755</u>	<u>\$5,016,827</u>	<u>\$3,999,768</u>	<u>\$16,214,991</u>

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

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000**

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>REVENUES</b>						
Taxes	\$ 2,122,754	\$ -	\$ 161,949	\$ 109,048	\$ -	\$ 2,393,751
Intergovernmental	2,465,710	278,140	-	50,000	-	2,793,850
Earnings on investments	88,684	-	-	25,760	-	114,444
Tuition and fees	15,102	-	-	-	-	15,102
Extracurricular activities	-	87,470	-	-	-	87,470
Gifts and donations	-	3,575	-	-	-	3,575
Miscellaneous	938	1,365	-	-	-	2,303
Total revenues	4,693,188	370,550	161,949	184,808	-	5,410,495
<b>EXPENDITURES</b>						
Instruction:						
Regular	1,960,757	17,386	-	34,625	-	2,012,768
Special	203,442	139,301	-	-	-	342,743
Vocational	92,558	-	-	-	-	92,558
Other	59,675	12,251	-	-	-	71,926
Support services:						
Pupils	166,312	-	-	-	-	166,312
Instructional staff	560,605	7,811	-	-	-	568,416
Board of education	50,109	-	-	-	-	50,109
Administration	574,902	5,007	-	105	-	580,014
Fiscal	175,949	-	1,527	1,097	-	178,573

(Continued)

	GOVERNMENTAL FUND TYPES				FIDUCIARY FUND TYPES	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Operation and maintenance of plant	532,446	2,608	-	-	-	535,054
Pupil transportation	236,163	-	-	-	-	236,163
Non-instructional services	4,013	-	-	-	-	4,013
Community service	2,924	3,466	-	-	300	6,690
Extracurricular activities	109,111	96,340	-	-	-	205,451
Other expenditures	66	-	-	-	-	66
Capital outlay	-	-	-	-	-	-
Principal retirement	-	-	719,976	27,854	-	747,830
Interest and fiscal services	-	-	30,096	7,364	-	37,460
<b>Total expenditures</b>	<b>4,729,032</b>	<b>284,170</b>	<b>751,599</b>	<b>71,045</b>	<b>300</b>	<b>5,836,146</b>
Excess (deficiency) of revenues over (under) expenditures	(35,844)	86,380	(589,650)	113,763	(300)	(425,651)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds of notes	-	-	570,000	2,975,000	-	3,545,000
Refund of prior year expenditures	5,569	-	-	-	-	5,569
Operating transfers - in	-	-	-	-	-	-
Operating transfers - out	(2,551)	-	-	-	-	(2,551)
<b>Total other financing sources (uses)</b>	<b>3,018</b>	<b>-</b>	<b>570,000</b>	<b>2,975,000</b>	<b>-</b>	<b>3,548,018</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(32,826)	86,380	(19,650)	3,088,763	(300)	3,122,367
Fund balance, beginning of year	1,022,373	44,539	91,720	(24,427)	2,700	1,136,905
Fund balance, end of year	<u>\$ 989,547</u>	<u>\$ 130,919</u>	<u>\$ 72,070</u>	<u>\$3,064,336</u>	<u>\$ 2,400</u>	<u>\$ 4,259,272</u>

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

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds			Debt Service Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>REVENUES</b>									
Taxes	\$2,077,347	\$2,077,347	\$ -	\$ -	\$ -	\$ -	\$155,310	\$155,310	\$ -
Intergovernmental	2,466,360	2,466,360	-	206,714	206,714	-	-	-	-
Earnings on Investments	106,660	106,660	-	-	-	-	-	-	-
Tuition and fees	19,005	19,005	-	-	-	-	-	-	-
Extracurricular activities	-	-	-	89,109	89,109	-	-	-	-
Miscellaneous	<u>1,362</u>	<u>1,362</u>	-	<u>4,940</u>	<u>4,940</u>	-	-	-	-
Total revenues	4,670,734	4,670,734	-	300,763	300,763	-	155,310	155,310	-
<b>EXPENDITURES</b>									
Instruction:									
Regular	1,957,522	1,957,522	-	37,405	37,405	-	-	-	-
Special	194,135	194,135	-	71,240	71,240	-	-	-	-
Vocational	92,388	92,388	-	-	-	-	-	-	-
Other	52,763	52,763	-	12,251	12,251	-	-	-	-
Support services:									
Pubils	167,936	167,936	-	-	-	-	-	-	-
Instructional staff	554,255	554,255	-	7,015	7,015	-	-	-	-
Board of education	47,079	47,079	-	-	-	-	-	-	-
Administration	569,300	569,300	-	5,000	5,000	-	-	-	-
Fiscal	193,400	193,400	-	-	-	-	1,526	1,526	-
Operation and maintenance of plant	582,458	582,458	-	6,928	6,928	-	-	-	-

(Continued)

	General Fund			Special Revenue Funds			Debt Service Funds		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Pupil transportation	249,110	249,110	-	-	-	-	-	-	-
Non-instructional services	8,147	8,147	-	-	-	-	-	-	-
Extracurricular activities	107,887	107,887	-	100,342	100,342	-	-	-	-
Capital outlay	733	733	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	750,072	750,072	-
Total expenditures	<u>4,777,113</u>	<u>4,777,113</u>	-	<u>240,181</u>	<u>240,181</u>	-	<u>751,598</u>	<u>751,598</u>	-
Excess (deficiency) of revenue over (under) expenditures	(106,379)	(106,379)	-	60,582	60,582	-	(596,288)	(596,288)	-
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfer - in	-	-	-	-	-	-	-	-	-
Advances - in	96,039	96,039	-	-	-	-	-	-	-
Transfer - out	(2,551)	(2,551)	-	-	-	-	-	-	-
Advances - out	-	-	-	-	-	-	-	-	-
Other sources (uses)	<u>5,570</u>	<u>5,570</u>	-	-	-	-	<u>570,000</u>	<u>570,000</u>	-
Total other financing sources (uses)	<u>99,058</u>	<u>99,058</u>	-	-	-	-	<u>570,000</u>	<u>570,000</u>	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(7,321)	(7,321)	-	60,582	60,582	-	(26,288)	(26,288)	-
Fund balance beginning of year	1,054,982	1,054,982	-	35,051	35,051	-	77,126	77,126	-
Prior year encumbrances appropriated	<u>231,713</u>	<u>231,713</u>	-	<u>5,705</u>	<u>5,705</u>	-	-	-	-
Fund balance end of year	<u>\$1,279,374</u>	<u>\$1,279,374</u>	<u>\$ -</u>	<u>\$101,338</u>	<u>\$101,338</u>	<u>\$ -</u>	<u>\$ 50,838</u>	<u>\$ 50,838</u>	<u>\$ -</u>

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

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000**

	Capital Projects Funds			Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>REVENUES</b>									
Taxes	\$ 106.133	\$ 106.133	\$ -	\$ -	\$ -	\$ -	\$2,338.790	\$2,338.790	\$ -
Intergovernmental	50.000	50.000	-	-	-	-	2,723.074	2,723.074	-
Earnings on Investments	-	-	-	-	-	-	106.660	106.660	-
Tuition and fees	-	-	-	-	-	-	19.005	19.005	-
Extracurricular activities	-	-	-	-	-	-	89.109	89.109	-
Miscellaneous	-	-	-	-	-	-	6.302	6.302	-
Total revenues	156.133	156.133	-	-	-	-	5,282.940	5,282.940	-
<b>EXPENDITURES</b>									
Instruction:									
Regular	74.064	74.064	-	-	-	-	2,068.991	2,068.991	-
Special	-	-	-	-	-	-	265.375	265.375	-
Vocational	-	-	-	-	-	-	92.388	92.388	-
Other	-	-	-	-	-	-	65.014	65.014	-
Support services:									
Pupils	-	-	-	-	-	-	167.936	167.936	-
Instructional staff	-	-	-	-	-	-	561.270	561.270	-
Board of education	-	-	-	-	-	-	47.079	47.079	-
Administration	178	178	-	-	-	-	574.478	574.478	-
Fiscal	1,096	1,096	-	-	-	-	196.022	196.022	-
Operation and maintenance of plant	4,470	4,470	-	-	-	-	593.856	593.856	-

(Continued)

	Capital Projects Funds			Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Pupil transportation	-	-	-	-	-	-	249,110	249,110	-
Non-instructional services	-	-	-	300	300	-	8,447	8,447	-
Extracurricular activities	-	-	-	-	-	-	208,229	208,229	-
Capital outlay	-	-	-	-	-	-	733	733	-
Debt service	35,218	35,218	-	-	-	-	785,290	785,290	-
Total expenditures	115,026	115,026	-	300	300	-	5,884,218	5,884,218	-
Excess (deficiency) of revenue over (under) expenditures	41,107	41,107	-	(300)	(300)	-	(601,278)	(601,278)	-
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfer - in	-	-	-	-	-	-	-	-	-
Advances - in	-	-	-	-	-	-	96,039	96,039	-
Transfer - out	-	-	-	-	-	-	(2,551)	(2,551)	-
Advances - out	(96,039)	(96,039)	-	-	-	-	(96,039)	(96,039)	-
Other sources (uses)	2,975,000	2,975,000	-	-	-	-	3,550,570	3,550,570	-
Total other financing sources (uses)	2,878,961	2,878,961	-	-	-	-	3,548,019	3,548,019	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	2,920,068	2,920,068	-	(300)	(300)	-	2,946,741	2,946,741	-
Fund balance beginning of year	66,989	66,989	-	2,700	2,700	-	1,236,848	1,236,848	-
Prior year encumbrances appropriated	269	269	-	-	-	-	237,687	237,687	-
Fund balance end of year	\$2,987,326	\$2,987,326	\$ -	\$ 2,400	\$ 2,400	\$ -	\$4,421,276	\$4,421,276	\$ -

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

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN RETAINED EARNINGS/FUND BALANCE  
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000**

	PROPRIETARY FUND TYPES		Totals
	Enterprise	Internal Service	(Memorandum Only)
<b>OPERATING REVENUES</b>			
Charges for services	\$ 145,387	\$ -	\$ 145,387
Other operating revenues	9,744	495	10,239
Total operating revenues	155,131	495	155,626
<b>OPERATING EXPENSES</b>			
Salaries and wages	92,105	-	92,105
Fringe benefits	36,747	-	36,747
Purchased services	5,423	-	5,423
Materials and supplies	88,573	-	88,573
Depreciation expense	8,269	-	8,269
Other operating expenses	-	495	495
Total operating expenses	231,117	495	231,612
<b>OPERATING INCOME (LOSS)</b>	(75,986)	-	(75,986)
<b>NON-OPERATING REVENUES</b>			
Non-operating grants	44,380	-	44,380
Transfers in	2,551	-	2,551
Federal donated commodities	15,037	-	15,037
Other	4,363	-	4,363
Total non-operating revenues	66,331	-	66,331
<b>NET INCOME (LOSS)</b>	(9,655)	-	(9,655)
<b>RETAINED EARNINGS, BEGINNING OF YEAR</b>	130,205	-	130,205
<b>RETAINED EARNINGS, END OF YEAR</b>	\$ 120,550	\$ -	\$ 120,550

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



**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2000**

	PROPRIETARY FUND TYPES		Totals (Memorandum Only)
	Enterprise	Internal Service	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating loss	\$ (75,986)	\$ -	\$ (75,986)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	8,269	-	8,269
Donated commodities used during year	15,037	-	15,037
(Increase) decrease in assets			
Accounts receivable	243	-	243
Commodities inventory	(1,412)	-	(1,412)
Increase (decrease) in liabilities:			
Accounts payable	1,691	-	1,691
Accrued salaries and benefits payable	3,958	-	3,958
Due to other governments	(1,147)	-	(1,147)
Deferred revenue	-	-	-
Total adjustments	<u>26,639</u>	<u>-</u>	<u>26,639</u>
Net cash provided by (used in) operating activities	(49,347)	-	(49,347)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Operating grants received	44,380	-	44,380
Transfers in	2,551	-	2,551
Other non-operating revenues	<u>4,363</u>	<u>-</u>	<u>4,363</u>
Net cash provided by non-capital financing activities	51,294	-	51,294
<b>CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition of capital assets	<u>(2,830)</u>	<u>-</u>	<u>(2,830)</u>
Net cash used in capital and related financing activities	<u>(2,830)</u>	<u>-</u>	<u>(2,830)</u>
Net increase (decrease) in cash and cash equivalents	(883)	-	(883)
Cash and cash equivalents, beginning of year	<u>62,474</u>	<u>-</u>	<u>62,474</u>
Cash and cash equivalents, end of year	<u>\$ 61,591</u>	<u>\$ -</u>	<u>\$ 61,591</u>

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

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT**  
**WOOD COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
June 30, 2000

**Note 1 - Description of the School District and Reporting Entity**

North Baltimore Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board of Education controls the School District's two instructional support facilities staffed by 30 non-certified and 61 certified full time teaching personnel who provide services to 759 students and other community members.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. The School District has no component units.

The following organizations are not part of the District entity and are excluded from the accompanying financial statements:

Village of North Baltimore - The village government is a separate politic and corporate body. A mayor and council are elected independent of any relationship with the District and administer the provision of traditional village services. Council acts as the taxing and budgetary authority for the services provided in the village.

Jointly Governed Organizations and Group Purchasing Pools - The School District is associated with organizations which are defined as jointly governed organizations and group purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative (NOACSC), the Wood County Benefit Plan Association Employee Insurance Benefits Program, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 14 and 15.

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of North Baltimore Local School 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 School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**A. Basis Of Presentation - Fund Accounting**

The School District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

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

**General Fund** The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds** Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Funds** Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

**Proprietary Fund Types** Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

***Enterprise Funds*** Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (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 where it has been 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.

***Internal Service Funds*** Internal Service funds are used to account for the financing of goods or services provided by one department to another department on a cost reimbursement basis.

***Fiduciary Fund Types*** Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's fiduciary funds include expendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

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

***B. Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT**  
**WOOD COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
June 30, 2000

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

***C. Budgetary Data***

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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.

***Tax Budget*** Prior to January 15, the Superintendent and Treasurer submit 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 express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

***Estimated Resources*** By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000. Prior to year-end, the School District requested an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT**  
**WOOD COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
June 30, 2000

***Appropriations*** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriations or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

***Encumbrances*** As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

***Lapsing of Appropriations*** At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

***D. Cash and Cash Equivalents***

To improve cash management, all cash received by the School District Treasurer is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this pool account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "cash and cash equivalents with fiscal agents" and represents deposits.

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

***E. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve as required by House Bill (HB) 412. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. See note 19 to these financial statements.

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

***F. Inventory***

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expended when used.

***G. Fixed Assets and Depreciation***

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. The School District maintains a capitalization threshold of \$500 except for the cost of textbooks. This is based primarily on the uniqueness of these items to a school operation and an existing five-year textbook adoption policy. Public domain ("infrastructure") general fixed assets consisting of curbs, gutters, sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of ten years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

***H. Intergovernmental Revenues***

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

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

**Entitlements**

***General Fund***

State Foundation Program  
School Bus Purchase

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

**Non-Reimbursable Grants**

***Special Revenue Funds***

Title VIB - Flow Through (through Wood County Educational Service Center)

Title I

Title II/Eisenhower Grant (through Wood County Educational Service Center)

Title VI

Educational Management Information System

Professional Development

Drug Free School (through Wood County Educational Service Center)

Disadvantaged Pupil Program

Excellence in Education

Handicapped Preschool (through Wood County Educational Service Center)

Martha Holden Jennings Foundation

Auxiliary Services

Work Study Program

Ohio Reads Grant

E-Rate

***Capital Projects Funds***

School Net Plus Technology Equity

**Reimbursable Grants**

***General Fund***

Driver Education

***Proprietary Funds***

National School Lunch Program

Government Donated Commodities

***I. Interfund Assets/Liabilities***

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

***J. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments.

The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group.

In proprietary funds, the entire amount of compensated absences is reported as a fund liability.



**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

***K. Accrued Liabilities and Long-Term Obligations***

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

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

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

***L. Interfund Transactions***

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

***M. Fund Balance Reserves***

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for property taxes, inventories of supplies and materials, prepaids, non-expendable trust, encumbrances and budget stabilization reserve. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

***N. Total Columns on General Purpose Financial Statements***

Total columns on the general purpose financial statements are captioned "Totals (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 cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

***O. Estimates***

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

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

**Note 3 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings 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, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
6. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types and Expendable Trust Funds

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$ (32,826)	\$ 86,380	\$ (19,650)	\$ 3,088,763	\$ (300)
Change in receivables and other assets not recognized on budget basis - July 1 to June 30	54,315	3,107	48,482	(29,517)	-
Change in liabilities not recognized on budget basis - July 1 to June 30	135,937	1,061	(55,120)	(94,565)	-
Reserve for encumbrances - budgetary basis	<u>(164,747)</u>	<u>(29,966)</u>	<u>-</u>	<u>(44,613)</u>	<u>-</u>
Budgetary Basis	<u>\$ (7,321)</u>	<u>\$ 60,582</u>	<u>\$ (26,288)</u>	<u>\$ 2,920,068</u>	<u>\$ (300)</u>

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT**  
**WOOD COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
June 30, 2000

**Note 4 - Deposits and Investments**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those 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 or deposit accounts including pass book accounts.

Protection of 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 monies deposited with the institution.

Legislation effective September 27, 1996, permits interim monies to be deposited or invested in the following securities:

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

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

During fiscal year 2000, the School District had no investments.

At fiscal year end, the School District had \$100 in undeposited cash on hand included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

At fiscal year end, the School District had \$10,311 in cash and cash equivalents held by the Northwest Education Service Center which is included on the balance sheet as "Cash and cash equivalents with fiscal agent."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements."

**Deposits** At fiscal year end, the carrying amount of the School District's deposits was \$4,745,890 and the bank balance was \$4,916,349. \$170,815 of the bank balance was covered by federal depository insurance, \$4,745,534 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

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

	Cash and Cash Equivalents/ Deposits
GASB Statement 9	\$ 4,756,301
Cash on Hand	(100)
Cash with fiscal agents	(10,311)
GASB Statement 3	\$ 4,745,890

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

**Note 5 - Property Taxes**

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 School 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 thirty-five 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 eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five 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 twenty-five percent of true value. The assessed values upon which the fiscal year 2000 taxes are based as follows:

	1999 Second-Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 37,053,870	65.35%	\$ 47,615,330	70.98%
Public Utility Personal	6,829,280	12.04%	6,846,150	10.21%
Tangible Personal Property	12,815,889	22.61%	12,618,299	18.81%
Total	<u>\$ 56,699,039</u>	<u>100.00%</u>	<u>\$ 67,079,779</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 54.60		\$ 52.70	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Wood and Hancock Counties. The County Auditors periodically advance to the School 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 fiscal year 2000 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 June 30, 2000. 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 \$147,763 and is recognized as revenue. \$118,985 was available to the general fund, and \$21,232 was available to the debt service fund and \$7,546 was available to the Capital Projects Fund.

**Note 6 - Receivables**

Receivables at June 30, 2000, consisted of real estate taxes and accounts. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs.

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

**Note 7 - Fixed Assets**

A summary of the changes in General Fixed Assets Account Group is as follows:

	Balance at 6/30/99	Additions	Deductions	Balance at 6/30/00
Land and Land Improvements	\$ 312,323	\$ -	\$ -	\$ 312,323
Buildings	2,895,908	26,730	-	2,922,638
Vehicles	403,007	-	-	403,007
Furniture, fixtures and equipment	1,360,490	26,542	(8,173)	1,378,859
Total	<u>\$ 4,971,728</u>	<u>\$ 53,272</u>	<u>\$ (8,173)</u>	<u>\$ 5,016,827</u>

A summary of changes in the Enterprise Fund fixed assets is as follows:

	Balance at 6/30/99	Additions	Deductions	Balance at 6/30/00
Furniture, fixtures and equipment	\$ 195,615	\$ 2,480	\$ (2,721)	\$ 195,374
Accumulated depreciation	(115,039)	(8,269)	2,721	(120,587)
Total	<u>\$ 80,576</u>	<u>\$ (5,789)</u>	<u>\$ -</u>	<u>\$ 74,787</u>

**Note 8 - Risk Management**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2000, the School District contracted with The Indiana Insurance Company for property and general liability insurance. There is a \$500 deductible with a 100% co-insurance clause.

Professional liability is protected by The Nationwide Insurance Company with a \$1,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible. Vehicles are covered by Indiana Insurance and hold a \$250 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five years. There have been no significant reductions in insurance coverage from last year.

**B. Workers' Compensation**

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). 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 performance is compared to the overall savings 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. Loss Control Systems provides administrative, cost control and actuarial services to the GRP.

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

***C. Employee Medical Benefits***

As of June 30, 2000 the School District has contracted with the Wood County Benefit Plan Association Employee Insurance Benefits Program with Coresource, Inc. as third party administrator to provide employee medical/surgical and dental benefits. Rates are set through an annual calculation process. The School District and the employees share the cost of the monthly premium with the Board. For fiscal year 2000, the School District's and full-time employees' premiums for all staff were \$570.87 and \$175.62 for family coverage and \$244.47 and \$34.12 for single coverage per employee per month, respectively.

**Note 9 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. State statute assigns the authority to establish and amend benefit provisions to the SERS Board of Trustees. 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 N. Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate, presently 14 percent; for fiscal year 2000, 7.7 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts, by the SERS Retirement Board. The adequacy of the contribution rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$91,761, \$102,102 and \$84,495, respectively; 53.30 percent has been contributed for fiscal year 2000 and 100 percent has been contributed for fiscal year 1999 and 1998. \$42,854 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

***B. State Teachers Retirement System***

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan. STRS provides retirement and disability benefits, health care benefits and death benefits to plan members and beneficiaries. State statute assigns the authority to establish and amend benefit provisions to the STRS Ohio Board of Trustees. 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 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate, presently 14 percent. The contribution requirements of plan members and employers are established and may be amended by the STRS Ohio Board of Trustees. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$309,092, \$291,606 and \$287,078, respectively; 88.98 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$34,050 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds.

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. The Board's liability is 6.2 percent of wages paid.

**Note 10 - Postemployment Benefits**

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System of Ohio, and to retired non-certified employees and their dependents through the School Employees Retirement System.

**A. State Teachers Retirement System of Ohio (STRS Ohio)**

The State Teachers Retirement System of Ohio (STRS Ohio) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (the Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The ORC grants authority to STRS Ohio to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS Ohio fund shall be included in the employer contribution rate, currently 14% of covered payroll.

For the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,783 million at June 30, 1999. For the year ended June 30, 1999, the net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients statewide. (June 30, 1999 is the latest date for which information is available.)

***B. School Employees Retirement System (SERS)***

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 1999, the allocation rate was 6.30%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999, the minimum pay was established as \$12,400. The surcharge rate, added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million.



**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million, at cost. The number of participants currently receiving health care benefits is approximately 51,000 statewide. (June 30, 1999 is the latest date for which information is available.)

The District's actual contributions for the 2000 fiscal year were \$37,580.

**Note 11 - Other Employee Benefits**

**A. Compensated Absences**

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 5 to 25 days. Employees with less than one year of service earn one vacation day per month worked, not to exceed five days. Certain employees are permitted to carry over vacation leave earned in the current year into the next year.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rate basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-third of the accumulated sick leave to a maximum of 30 days, except that those employees who elect to retire within twelve months of the earliest permissible retirement date shall be paid one-third of the accumulated sick leave to a maximum of 60 days.

At June 30, 2000 the current amount of unpaid compensated absences, in all funds except for the proprietary funds, and the balance of the liability in the General Long-Term Obligation Account Group were \$28,385 and \$315,882 respectively. The liability for compensated absences in the proprietary funds at June 30, 2000 was \$9,770.

**Note 12 - Long-Term Obligations**

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

	Balance at June 30, 1999	Additions	Reductions	Balance at June 30, 2000
General obligation bonds	\$ 855,125	\$ 3,545,000	\$ (747,854)	\$ 3,652,271
Compensated absences payable	263,998	315,882	(263,998)	315,882
SERS and SERS surcharge	34,195	31,616	(34,195)	31,616
Total	<u>\$ 1,153,318</u>	<u>\$ 3,892,498</u>	<u>\$ (1,046,047)</u>	<u>\$ 3,999,769</u>

Debt outstanding at June 30, 2000 consisted of permanent improvement notes totaling \$59,271 (interest rate 6.5% at June 30, 2000). These notes were issued in March 1995 and will mature in March 2005. Also, included in this amount is a school improvement note totaling \$570,000 (interest rate 5.25% at June 30, 2000). These notes were issued in April of 2000 and will mature in April of 2001. Also included is a tax anticipation note totaling \$48,000, issued March 20, 1999, maturing December 1, 2002 (interest rate 4.3% at June 30, 2000). Also included in this amount is a school improvement note totaling \$2,975,000 (interest rate 5.1% at June 30, 2000). These notes were issued in May of 2000 and will mature in April of 2001. Total expenditures of interest for the above debt for the period ended June 30, 2000 was \$37,460. Notes were issued for the purpose of paying costs of installations, modifications and remodeling of the District's schools to conserve energy. The annual requirements to amortize all bond debt outstanding as of June 30, 2000, are as follows:

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

For the Years Ending June 30,	Principal	Interest	Total
2001	\$ 231,854	\$ 178,211	\$ 410,065
2002	231,854	174,458	406,312
2003	231,854	166,000	397,854
2004	215,854	157,545	373,399
2005	215,855	149,771	365,626
Thereafter	2,525,000	1,762,000	4,287,000
Total	<u>\$ 3,652,271</u>	<u>\$ 2,587,985</u>	<u>\$ 6,240,256</u>

**Note 13 - Segment Information for Enterprise Funds**

The School District maintains two Enterprise Funds which provide lunchroom/cafeteria and uniform school supply services. Segment information for the year ended June 30, 2000 was as follows:

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$ 145,387	\$ 9,744	\$ 155,131
Depreciation Expense	8,269	-	8,269
Operating (Loss)	(73,406)	(2,580)	(75,986)
Operating Grants	59,417	-	59,417
Operating Transfers In	-	2,551	2,551
Net (Loss)	(9,625)	(30)	(9,655)
Fixed Asset Additions	2,480	-	2,480
Fixed Asset Deletions	2,721	-	2,721
Net working capital	45,579	184	45,763
Total Assets	152,093	184	152,277
Total Equity (deficit)	120,734	(184)	120,550
Encumbrances Outstanding	5,335	-	5,335

**Note 14 - Jointly Governed Organizations**

The Northwest Ohio Area Computer Services Cooperative (NOACSC) - NOACSC is a jointly governed organization among forty-nine (49) educational entities, primarily school districts located in the Ohio counties of Paulding, Van Wert, Mercer, Putnam, Allen, Hancock, Auglaize, Hardin and Wood. The laws governing the Ohio Education Computer Network require that a board of education serve as fiscal agent for data acquisition sites receiving state funds, therefore, not all responsibilities of the fiscal agent can be undertaken by the council. Specifically, Revised Code Section 3301.075 requires that the NOACSC conform to Revised Code Section 3313.92 in order for the NOACSC to receive Ohio Education Computer Network funds from the State Department of Education. Agreements entered into pursuant to Revised Code Section 3313.92 must be approved by the State superintendent of public instruction, who has interpreted this revised code section to require a board of education to serve as fiscal agent for a data acquisition site receiving funds from the Ohio Education computer Network, as opposed to have a council of governments serve as fiscal agent for the data acquisition site.

The general membership of the NOACSC consists of a representative from each member school and a representative from the fiscal agent. NOACSC is governed by a Governing Assembly of twelve elected members, two from each of the original six counties of Paulding, Van Wert, Mercer, Putnam, Allen, and Hancock.

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. The duties and obligations of the organization and members participating is set forth in a written agreement covering the program.

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT**  
**WOOD COUNTY**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
June 30, 2000

Each of the participating educational entities' support NOACSC based upon a per pupil charge dependent upon the software package(s) utilized. The degree of control exercised by any participating entity is limited to representation on the Governing Assembly. To obtain financial information for NOACSC write to its fiscal agent, c/o Sharon Stoner, 645 South Main Street, Lima, Ohio, 45804-1241.

***Note 15 – Group Purchasing Pools***

***A. Wood County Benefit Plan Association Employee Insurance Benefits Program***

The Wood County Benefit Plan Association Employee Insurance Benefits Program included health, dental, drug, and life insurance plans. All of the plans are risk-sharing pools among approximately 11 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Board, to the treasurer to comply with the terms of any contracts with any third-party claims administrator or insurance company. The insurance group is governed by a Board of Trustees consisting of a superintendent from each member school district. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2000, the North Baltimore Local School District contributed a total for all four plans \$420,233 which represented 3.85 percent of total contributions. Financial information can be obtained from Tim Smith at 545 Pearl Street, Bowling Green, Ohio 43402.

***B. OSBA Group Rating Program***

The School District participates in the Ohio School Boards Association workers' compensation group rating program (group), an insurance purchasing pool. The group'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 Ohio School Boards Association. The executive director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the group to cover the costs of administering the program.

The intent of the program 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 program. 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 program. Each participant pays its workers' compensation premium to the State based on the rate for the program 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 program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "Equity Pooling Fund" arrangement ensures that each participant shares equally in the overall performance of the program. Participation in the program is limited to school districts that can meet the programs selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the program.

Member districts were provided with a "OSBA Workers' Compensation Group Rating Summary" in March 2000 with information for the 2001 contribution (for calendar year 2000). The program rate for group members for calendar 2000 payroll is .5399.

Questions or comments should be addressed to Peg Betts, Deputy Director of Management Services, OSBA 614-540-4000 or e-mail: p\_betts@osba-ohio.org.

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

**Note 16 - State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program" which provides significant amounts of monetary support to the School District. For the fiscal year ended June 30, 2000 the School District received \$2,293,645 in school foundation support, all of which was received by the general fund.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future state funding under this program and on its financial operations. Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws, and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly take 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, the ongoing litigation will have on its future State funding under this program and on its financial operations.

**Note 17 - Interfund Transactions**

Interfund transfers for the year ended June 30, 2000 consist of the following:

	Transfers to Other Funds	Transfers from Other Funds
General Fund	\$ 2,551	\$ -
Enterprise Fund	-	2,551
Total transfers	\$ 2,551	\$ 2,551

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
June 30, 2000**

**Note 18 - Agency Funds**

	Combined Statement of Changes in Assets and Liabilities			Balance at June 30, 2000
	Balance at July 1, 1999	Additions	Deductions	
Cash	\$ 17,240	\$ 2,115	\$ -	\$ 19,355
Total assets	<u>\$ 17,240</u>	<u>\$ 2,115</u>	<u>\$ -</u>	<u>\$ 19,355</u>
Other liabilities	\$ 17,240	\$ 2,115	\$ -	\$ 19,355
Total liabilities	<u>\$ 17,240</u>	<u>\$ 2,115</u>	<u>\$ -</u>	<u>\$ 19,355</u>

**Note 19 – Statutory Reserves**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance, June 30, 1999	\$ -	\$ -	\$ 62,287	\$ 62,287
Current Year Set-Aside Requirement	124,000	124,000	43,100	291,100
Current Year Offsets	(56,710)	(63,052)	-	(119,762)
Qualifying Disbursements	(69,857)	(107,897)	-	(177,754)
Total	<u>\$ (2,567)</u>	<u>\$ (46,949)</u>	<u>\$ 105,387</u>	<u>\$ 55,871</u>
Cash Balance Carried Forward to FY 2000	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 105,387</u>	
Total Restricted Assets				<u>\$ 105,387</u>

Although the school district had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set aside requirements for future years. Negative amounts are therefore not presented as being carried forward to next fiscal year.

# STEYER & CO.

*Certified Public Accountants*

2000 NORTH CLINTON STREET  
DEFIANCE, OHIO 43512  
PHONE (419) 782-1030  
FAX (419) 782-5298

## **REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education  
North Baltimore Local School District  
North Baltimore, Ohio

We have audited the general purpose financial statements of the North Baltimore Local School District, as of and for the year ended June 30, 2000, and have issued our report thereon dated November 3, 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 general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non compliance that we have reported to management of the District in a separate letter dated November 3, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated November 3, 2000.

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

*Steyer & Co.*

STEYER & CO.  
Defiance, Ohio  
November 3, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

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

**NORTH BALTIMORE LOCAL SCHOOL DISTRICT**

**WOOD 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  
JANUARY 09, 2001**