



**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

Ottoville Local School District  
Putnam County  
300 West Third Street  
P.O. Box 248  
Ottoville, Ohio 45876-0248

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Ottoville Local School District, Putnam County, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ottoville Local School District, Putnam County, as of June 30, 1999, and the results of its operations and the cash flows of its enterprise fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 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.

**Jim Petro**  
Auditor of State

December 5, 2000

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**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1999**

|  | <u>Governmental Fund Types</u> |                            |                         |                             |
|--|--------------------------------|----------------------------|-------------------------|-----------------------------|
|  | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |
| <b>ASSETS AND OTHER DEBITS:</b>  |                                |                            |                         |                             |
| <b>Assets:</b>   |                                |                            |                         |                             |
| Equity in Pooled Cash and Cash Equivalents   | \$736,844                      | \$94,340                   | \$85,435                | \$232,980                   |
| Cash with Fiscal Agent   |                                | 3,895                      |                         |                             |
| Receivables:   |                                |                            |                         |                             |
| Taxes  | 875,090                        |                            | 146,184                 | 101,227                     |
| Accounts   | 5                              | 60                         |                         |                             |
| Intergovernmental  | 11,978                         | 90                         |                         |                             |
| Interfund  | 50,000                         |                            |                         |                             |
| Inventory Held for Resale  |                                |                            |                         |                             |
| Materials and Supplies Inventory   | 31,408                         |                            |                         |                             |
| Prepaid Items  | 20,996                         |                            |                         |                             |
| Restricted Assets:   |                                |                            |                         |                             |
| Equity in Pooled Cash and<br>Cash Equivalents  | 63,320                         |                            |                         |                             |
| Fixed Assets (Net, where applicable, of<br>Accumulated Depreciation)                   |                                |                            |                         |                             |
| <b>Other Debits:</b>   |                                |                            |                         |                             |
| Amount Available in Debt Service Fund for the<br>Retirement of General Obligation Debt |                                |                            |                         |                             |
| Amount to be Provided from<br>General Governmental Resources                           |                                |                            |                         |                             |
| <b>Total Assets and Other Debits</b>   | <b><u>\$1,789,641</u></b>      | <b><u>\$98,385</u></b>     | <b><u>\$231,619</u></b> | <b><u>\$334,207</u></b>     |
| <b>LIABILITIES, FUND EQUITY AND OTHER CREDITS:</b>                                     |                                |                            |                         |                             |
| <b>Liabilities:</b>  |                                |                            |                         |                             |
| Accounts Payable   | \$8,081                        |                            |                         | \$5,023                     |
| Accrued Wages and Benefits   | 301,008                        | \$2,686                    |                         |                             |
| Compensated Absences Payable   | 3,503                          |                            |                         |                             |
| Interfund Payable  |                                |                            |                         | 50,000                      |
| Intergovernmental Payable  | 53,052                         |                            |                         |                             |
| Deferred Revenue   | 828,772                        |                            | \$138,423               | 95,879                      |
| Due to Students  |                                |                            |                         |                             |
| General Obligation Bonds Payable   |                                |                            |                         |                             |
| Total Liabilities  | <u>1,194,416</u>               | <u>2,686</u>               | <u>138,423</u>          | <u>150,902</u>              |
| <b>Fund Equity and Other Credits:</b>  |                                |                            |                         |                             |
| Investment in General Fixed Assets   |                                |                            |                         |                             |
| Retained Earnings:   |                                |                            |                         |                             |
| Unreserved   |                                |                            |                         |                             |
| Fund Balance:  |                                |                            |                         |                             |
| Reserved for Encumbrances  | 64,826                         | 9,899                      |                         | 17,610                      |
| Reserved for Inventory   | 31,408                         |                            |                         |                             |
| Reserved for Property Tax  | 46,318                         |                            | 7,761                   | 5,348                       |
| Reserved for Budget Stabilization  | 33,927                         |                            |                         |                             |
| Reserved for Bus Purchases   | 29,393                         |                            |                         |                             |
| Unreserved:  |                                |                            |                         |                             |
| Designated for Budget Stabilization  | 4,073                          |                            |                         |                             |
| Undesignated   | 385,280                        | 85,800                     | 85,435                  | 160,347                     |
| Total Fund Equity and Other Credits  | <u>595,225</u>                 | <u>95,699</u>              | <u>93,196</u>           | <u>183,305</u>              |
| <b>Total Liabilities, Fund Equity and Other Credits</b>                                | <b><u>\$1,789,641</u></b>      | <b><u>\$98,385</u></b>     | <b><u>\$231,619</u></b> | <b><u>\$334,207</u></b>     |

*The notes to the general-purpose financial statements are an integral part of this statement.*

| Proprietary<br>Fund Type | Fiduciary<br>Fund Type | Account Groups             |                                     | Totals<br>(Memorandum<br>Only)  |
|--------------------------|------------------------|----------------------------|-------------------------------------|---|
|                          |                        | General<br>Fixed<br>Assets | General<br>Long-Term<br>Obligations |   |
| Enterprise               | Agency                 |                            |                                     |   |
| \$25,475                 | \$5,345                |                            |                                     | \$1,180,419<br>3,895  |
|                          | 96                     |                            |                                     | 1,122,501<br>161<br>12,068<br>50,000<br>3,253<br>32,569<br>21,049                     |
| 3,253<br>1,161<br>53     |                        |                            |                                     | 63,320  |
| 75,195                   |                        | \$5,001,924                |                                     | 5,077,119   |
|                          |                        |                            | \$93,196                            | 93,196  |
|                          |                        |                            | 1,448,777                           | 1,448,777   |
| <b>\$105,137</b>         | <b>\$5,441</b>         | <b>\$5,001,924</b>         | <b>\$1,541,973</b>                  | <b>\$9,108,327</b>  |
|                          |                        |                            |                                     | \$13,104<br>312,920<br>180,480<br>50,000<br>84,457<br>1,065,403<br>5,441<br>1,345,000 |
| \$9,226<br>2,728         |                        |                            | \$174,249                           |   |
| 8,681<br>2,329           |                        |                            | 22,724                              |   |
|                          | \$5,441                |                            |                                     |   |
|                          |                        |                            | 1,345,000                           |   |
| 22,964                   | 5,441                  |                            | 1,541,973                           | 3,056,805   |
|                          |                        | \$5,001,924                |                                     | 5,001,924   |
| 82,173                   |                        |                            |                                     | 82,173<br>92,335<br>31,408<br>59,427<br>33,927<br>29,393<br>4,073<br>716,862          |
|                          |                        |                            |                                     |   |
| 82,173                   |                        | 5,001,924                  |                                     | 6,051,522   |
| <b>\$105,137</b>         | <b>\$5,441</b>         | <b>\$5,001,924</b>         | <b>\$1,541,973</b>                  | <b>\$9,108,327</b>  |

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|                                      | <u>Governmental Fund Types</u> |                            |                         |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|--------------------------------------|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
|                                      | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> |   |
| <b>Revenues:</b>                     |                                |                            |                         |                             |   |
| Property Taxes                       | \$772,227                      | \$0                        | \$135,679               | \$89,486                    | \$997,392                               |
| Intergovernmental                    | 2,156,313                      | 104,638                    | 17,868                  | 583,895                     | 2,862,714                               |
| Interest                             | 65,007                         |                            |                         |                             | 65,007                                  |
| Tuition and Fees                     | 33,728                         |                            |                         |                             | 33,728                                  |
| Extracurricular Activities           |                                | 82,719                     |                         |                             | 82,719                                  |
| Gifts and Donations                  | 3,242                          | 1,307                      |                         |                             | 4,549                                   |
| Customer Services                    | 575                            |                            |                         |                             | 575                                     |
| Miscellaneous                        | 14,364                         |                            |                         |                             | 14,364                                  |
| <b>Total Revenues</b>                | <u>3,045,456</u>               | <u>188,664</u>             | <u>153,547</u>          | <u>673,381</u>              | <u>4,061,048</u>                        |
| <b>Expenditures:</b>                 |                                |                            |                         |                             |   |
| Current:                             |                                |                            |                         |                             |   |
| Instruction:                         |                                |                            |                         |                             |   |
| Regular                              | 1,608,534                      | 29                         |                         | 56,666                      | 1,665,229                               |
| Special                              | 84,201                         | 25,678                     |                         |                             | 109,879                                 |
| Adult/Continuing                     |                                | 771                        |                         |                             | 771                                     |
| Other                                | 41,987                         |                            |                         |                             | 41,987                                  |
| Support Services:                    |                                |                            |                         |                             |   |
| Pupils                               | 50,787                         | 15,167                     |                         |                             | 65,954                                  |
| Instructional Staff                  | 105,479                        | 41,317                     |                         | 34,400                      | 181,196                                 |
| Board of Education                   | 11,284                         |                            |                         |                             | 11,284                                  |
| Administration                       | 386,033                        |                            |                         |                             | 386,033                                 |
| Fiscal                               | 119,999                        | 304                        | 3,831                   | 2,520                       | 126,654                                 |
| Operation and Maintenance of Plant   | 194,652                        |                            |                         | 13,675                      | 208,327                                 |
| Pupil Transportation                 | 143,188                        |                            |                         |                             | 143,188                                 |
| Central                              |                                | 3,560                      |                         |                             | 3,560                                   |
| Non-Instructional Services           | 2,747                          | 323                        |                         |                             | 3,070                                   |
| Extracurricular Activities           | 66,807                         | 96,109                     |                         |                             | 162,916                                 |
| Capital Outlay                       | 3,281                          |                            |                         | 531,415                     | 534,696                                 |
| Debt Service:                        |                                |                            |                         |                             |   |
| Principal Retirement                 |                                |                            | 50,000                  |                             | 50,000                                  |
| Interest and Fiscal Charges          |                                |                            | 80,510                  |                             | 80,510                                  |
| <b>Total Expenditures</b>            | <u>2,818,979</u>               | <u>183,258</u>             | <u>134,341</u>          | <u>638,676</u>              | <u>3,775,254</u>                        |
| Excess of Revenues Over Expenditures | <u>226,477</u>                 | <u>5,406</u>               | <u>19,206</u>           | <u>34,705</u>               | <u>285,794</u>                          |
| Fund Balances at Beginning of Year   | 380,317                        | 90,293                     | 73,990                  | 148,600                     | 693,200                                 |
| Decrease in Reserve for Inventory    | (11,569)                       |                            |                         |                             | (11,569)                                |
| <b>Fund Balances at End of Year</b>  | <u><b>\$595,225</b></u>        | <u><b>\$95,699</b></u>     | <u><b>\$93,196</b></u>  | <u><b>\$183,305</b></u>     | <u><b>\$967,425</b></u>                 |

*The notes to the general-purpose financial statements are an integral part of this statement.*

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|  | <b>General Fund</b>       |                  |   |
|--|---------------------------|------------------|---|
|  | <b>Revised<br/>Budget</b> | <b>Actual</b>    | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>Revenues:</b>   |                           |                  |   |
| Property Taxes   | \$728,417                 | \$761,544        | \$33,127  |
| Intergovernmental  | 2,065,670                 | 2,158,034        | 92,364  |
| Interest   | 65,000                    | 65,007           | 7   |
| Tuition and Fees   | 39,500                    | 33,812           | (5,688)   |
| Extracurricular Activities   |                           |                  |   |
| Gifts and Donations  | 4,100                     | 3,242            | (858)   |
| Customer Services  | 500                       | 575              | 75  |
| Miscellaneous  | 2,000                     | 1,877            | (123)   |
| <b>Total Revenues</b>  | <b>2,905,187</b>          | <b>3,024,091</b> | <b>118,904</b>                                  |
| <b>Expenditures:</b>   |                           |                  |   |
| Current  |                           |                  |   |
| Instruction:   |                           |                  |   |
| Regular  | 1,725,084                 | 1,612,416        | 112,668   |
| Special  | 82,610                    | 81,835           | 775   |
| Other  | 52,000                    | 51,765           | 235   |
| Support Services:  |                           |                  |   |
| Pupils   | 56,571                    | 49,270           | 7,301   |
| Instructional Staff  | 129,243                   | 100,667          | 28,576  |
| Board of Education   | 20,027                    | 11,215           | 8,812   |
| Administration   | 456,353                   | 399,441          | 56,912  |
| Fiscal   | 145,900                   | 118,876          | 27,024  |
| Operation and Maintenance of Plant   | 235,817                   | 217,052          | 18,765  |
| Pupil Transportation   | 228,280                   | 157,322          | 70,958  |
| Central  |                           |                  |   |
| Non-Instructional Services   | 2,775                     | 2,707            | 68  |
| Extracurricular Activities   | 84,555                    | 65,806           | 18,749  |
| Capital Outlay   | 22,000                    | 3,281            | 18,719  |
| Debt Service:  |                           |                  |   |
| Principal Retirement   |                           |                  |   |
| Interest and Fiscal Charges  |                           |                  |   |
| <b>Total Expenditures</b>  | <b>3,241,215</b>          | <b>2,871,653</b> | <b>369,562</b>                                  |
| Excess of Revenues Over (Under) Expenditures   | (336,028)                 | 152,438          | 488,466   |
| <b>Other Financing Sources (Uses):</b>   |                           |                  |   |
| Proceeds from Disposal of Fixed Assets   | 1,000                     |                  | (1,000)   |
| Refund of Prior Year Expenditures  | 15,000                    | 11,285           | (3,715)   |
| Advances In  |                           |                  |   |
| Other Financing Sources  | 150                       | 246              | 96  |
| Advances Out   | (50,000)                  | (50,000)         |   |
| Other Financing Uses   | (38,000)                  |                  | 38,000  |
| <b>Total Other Financing Sources (Uses)</b>  | <b>(71,850)</b>           | <b>(38,469)</b>  | <b>33,381</b>                                   |
| Excess of Revenues and Other Financing Sources Over<br>(Under) Expenditures and Other Financing Uses | (407,878)                 | 113,969          | 521,847   |
| Fund Balances at Beginning of Year   | 547,181                   | 547,181          |   |
| Prior Year Encumbrances Appropriated   | 63,583                    | 63,583           |   |
| <b>Fund Balances at End of Year</b>  | <b>\$202,886</b>          | <b>\$724,733</b> | <b>\$521,847</b>                                |

(Continued)

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

|  | <b>Special Revenue Funds</b> |                 |   |
|--|------------------------------|-----------------|---|
|  | <b>Revised<br/>Budget</b>    | <b>Actual</b>   | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>Revenues:</b>   |                              |                 |   |
| Property Taxes   |                              |                 |   |
| Intergovernmental  | \$66,730                     | \$61,480        | (\$5,250)                                       |
| Interest   |                              |                 |   |
| Tuition and Fees   |                              |                 |   |
| Extracurricular Activities   | 82,050                       | 82,569          | 519   |
| Gifts and Donations  | 550                          | 1,307           | 757   |
| Customer Services  |                              |                 |   |
| Miscellaneous  |                              |                 |   |
| Total Revenues   | 149,330                      | 145,356         | (3,974)   |
| <b>Expenditures:</b>   |                              |                 |   |
| Current  |                              |                 |   |
| Instruction:   |                              |                 |   |
| Regular  | 314                          |                 | 314   |
| Special  | 21,432                       | 15,562          | 5,870   |
| Other  |                              |                 |   |
| Support Services:  |                              |                 |   |
| Pupils   | 7,650                        | 3,408           | 4,242   |
| Instructional Staff  | 34,491                       | 20,088          | 14,403  |
| Board of Education   |                              |                 |   |
| Administration   |                              |                 |   |
| Fiscal   | 347                          | 304             | 43  |
| Operation and Maintenance of Plant   |                              |                 |   |
| Pupil Transportation   |                              |                 |   |
| Central  | 6,161                        | 3,560           | 2,601   |
| Non-Instructional Services   | 400                          | 293             | 107   |
| Extracurricular Activities   | 136,382                      | 106,008         | 30,374  |
| Capital Outlay   |                              |                 |   |
| Debt Service:  |                              |                 |   |
| Principal Retirement   |                              |                 |   |
| Interest and Fiscal Charges  |                              |                 |   |
| Total Expenditures   | 207,177                      | 149,223         | 57,954  |
| Excess of Revenues Over (Under) Expenditures   | (57,847)                     | (3,867)         | 53,980  |
| <b>Other Financing Sources (Uses):</b>   |                              |                 |   |
| Proceeds from Disposal of Fixed Assets   |                              |                 |   |
| Refund of Prior Year Expenditures  |                              |                 |   |
| Advances In  |                              |                 |   |
| Other Financing Sources  |                              |                 |   |
| Advances Out   |                              |                 |   |
| Other Financing Uses   |                              |                 |   |
| Total Other Financing Sources (Uses)   |                              |                 |   |
| Excess of Revenues and Other Financing Sources Over<br>(Under) Expenditures and Other Financing Uses | (57,847)                     | (3,867)         | 53,980  |
| Fund Balances at Beginning of Year   | 87,672                       | 87,672          |   |
| Prior Year Encumbrances Appropriated   | 636                          | 636             |   |
| <b>Fund Balances at End of Year</b>  | <b>\$30,461</b>              | <b>\$84,441</b> | <b>\$53,980</b>                                 |

| Debt Service Fund      |                        |                                  | Capital Projects Funds |                         |                                  |
|------------------------|------------------------|----------------------------------|------------------------|-------------------------|----------------------------------|
| Revised Budget         | Actual                 | Variance Favorable (Unfavorable) | Revised Budget         | Actual                  | Variance Favorable (Unfavorable) |
| \$114,118              | \$134,692              | \$20,574                         | \$84,212               | \$88,192                | \$3,980                          |
| 15,629                 | 17,868                 | 2,239                            | 638,089                | 583,895                 | (54,194)                         |
| <u>129,747</u>         | <u>152,560</u>         | <u>22,813</u>                    | <u>722,301</u>         | <u>672,087</u>          | <u>(50,214)</u>                  |
|                        |                        |                                  | 56,666                 | 56,666                  |                                  |
|                        |                        |                                  | 42,827                 | 34,400                  | 8,427                            |
| 4,500                  | 3,831                  | 669                              | 6,000                  | 2,520                   | 3,480                            |
|                        |                        |                                  | 21,191                 | 21,191                  |                                  |
|                        |                        |                                  | 739,050                | 578,227                 | 160,823                          |
| 50,000                 | 50,000                 |                                  |                        |                         |                                  |
| 82,000                 | 80,510                 | 1,490                            |                        |                         |                                  |
| <u>136,500</u>         | <u>134,341</u>         | <u>2,159</u>                     | <u>865,734</u>         | <u>693,004</u>          | <u>172,730</u>                   |
| <u>(6,753)</u>         | <u>18,219</u>          | <u>24,972</u>                    | <u>(143,433)</u>       | <u>(20,917)</u>         | <u>122,516</u>                   |
|                        |                        |                                  |                        | 50,000                  | 50,000                           |
|                        |                        |                                  |                        | 50,000                  | 50,000                           |
| (6,753)                | 18,219                 | 24,972                           | (143,433)              | 29,083                  | 172,516                          |
| 67,216                 | 67,216                 |                                  | 176,041                | 176,041                 |                                  |
|                        |                        |                                  | 5,223                  | 5,223                   |                                  |
| <b><u>\$60,463</u></b> | <b><u>\$85,435</u></b> | <b><u>\$24,972</u></b>           | <b><u>\$37,831</u></b> | <b><u>\$210,347</u></b> | <b><u>\$172,516</u></b>          |

(Continued)

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

|  | <b>Totals (Memorandum Only)</b> |                           |   |
|--|---------------------------------|---------------------------|---|
|  | <b>Revised<br/>Budget</b>       | <b>Actual</b>             | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>Revenues:</b>   |                                 |                           |   |
| Property Taxes   | \$926,747                       | \$984,428                 | \$57,681  |
| Intergovernmental  | 2,786,118                       | 2,821,277                 | 35,159  |
| Interest   | 65,000                          | 65,007                    | 7   |
| Tuition and Fees   | 39,500                          | 33,812                    | (5,688)   |
| Extracurricular Activities   | 82,050                          | 82,569                    | 519   |
| Gifts and Donations  | 4,650                           | 4,549                     | (101)   |
| Customer Services  | 500                             | 575                       | 75  |
| Miscellaneous  | 2,000                           | 1,877                     | (123)   |
| Total Revenues   | <u>3,906,565</u>                | <u>3,994,094</u>          | <u>87,529</u>                                   |
| <b>Expenditures:</b>   |                                 |                           |   |
| Current  |                                 |                           |   |
| Instruction:   |                                 |                           |   |
| Regular  | 1,782,064                       | 1,669,082                 | 112,982   |
| Special  | 104,042                         | 97,397                    | 6,645   |
| Other  | 52,000                          | 51,765                    | 235   |
| Support Services:  |                                 |                           |   |
| Pupils   | 64,221                          | 52,678                    | 11,543  |
| Instructional Staff  | 206,561                         | 155,155                   | 51,406  |
| Board of Education   | 20,027                          | 11,215                    | 8,812   |
| Administration   | 456,353                         | 399,441                   | 56,912  |
| Fiscal   | 156,747                         | 125,531                   | 31,216  |
| Operation and Maintenance of Plant   | 257,008                         | 238,243                   | 18,765  |
| Pupil Transportation   | 228,280                         | 157,322                   | 70,958  |
| Central  | 6,161                           | 3,560                     | 2,601   |
| Non-Instructional Services   | 3,175                           | 3,000                     | 175   |
| Extracurricular Activities   | 220,937                         | 171,814                   | 49,123  |
| Capital Outlay   | 761,050                         | 581,508                   | 179,542   |
| Debt Service:  |                                 |                           |   |
| Principal Retirement   | 50,000                          | 50,000                    |   |
| Interest and Fiscal Charges  | 82,000                          | 80,510                    | 1,490   |
| Total Expenditures   | <u>4,450,626</u>                | <u>3,848,221</u>          | <u>602,405</u>                                  |
| Excess of Revenues Over (Under) Expenditures   | <u>(544,061)</u>                | <u>145,873</u>            | <u>689,934</u>                                  |
| <b>Other Financing Sources (Uses):</b>   |                                 |                           |   |
| Proceeds from Disposal of Fixed Assets   | 1,000                           |                           | (1,000)   |
| Refund of Prior Year Expenditures  | 15,000                          | 11,285                    | (3,715)   |
| Advances In  |                                 | 50,000                    | 50,000  |
| Other Financing Sources  | 150                             | 246                       | 96  |
| Advances Out   | (50,000)                        | (50,000)                  |   |
| Other Financing Uses   | (38,000)                        |                           | 38,000  |
| Total Other Financing Sources (Uses)   | <u>(71,850)</u>                 | <u>11,531</u>             | <u>83,381</u>                                   |
| Excess of Revenues and Other Financing Sources Over<br>(Under) Expenditures and Other Financing Uses | <u>(615,911)</u>                | <u>157,404</u>            | <u>773,315</u>                                  |
| Fund Balances at Beginning of Year   | 878,110                         | 878,110                   |   |
| Prior Year Encumbrances Appropriated   | 69,442                          | 69,442                    |   |
| <b>Fund Balances at End of Year</b>  | <b><u>\$331,641</u></b>         | <b><u>\$1,104,956</u></b> | <b><u>\$773,315</u></b>                         |

*The notes to the general-purpose financial statements are an integral part of this statement.*

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|   | <u>Food Service</u>           |
|---|-------------------------------|
| <b>Operating Revenues:</b>              |                               |
| Sales                                   | \$135,312                     |
| <b>Operating Expenses:</b>              |                               |
| Salaries                                | 55,276                        |
| Fringe Benefits                         | 20,266                        |
| Purchased Services                      | 6,446                         |
| Materials and Supplies                  | 4,784                         |
| Cost of Sales                           | 81,233                        |
| Depreciation                            | 5,155                         |
| Total Operating Expenses                | 173,160                       |
| Operating Loss                          | (37,848)                      |
| <b>Non-Operating Revenues:</b>          |                               |
| Federal Donated Commodities             | 15,091                        |
| Interest                                | 756                           |
| Operating Grants                        | 16,843                        |
| Total Non-Operating Revenues            | 32,690                        |
| Net Loss                                | (5,158)                       |
| Retained Earnings at Beginning of Year  | 87,331                        |
| <b>Retained Earnings at End of Year</b> | <b><u><u>\$82,173</u></u></b> |

*The notes to the general-purpose financial statements are an integral part of this statement.*

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|  | <b>Food Service</b>       |                 |   |
|--|---------------------------|-----------------|---|
|  | <b>Revised<br/>Budget</b> | <b>Actual</b>   | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
| <b>Revenues:</b>                         |                           |                 |   |
| Sales                                    | \$148,200                 | \$135,312       | (\$12,888)                                      |
| Operating Grants                         | 26,300                    | 16,843          | (9,457)   |
| Interest                                 |                           | 756             | 756   |
| Proceeds from Sale of Fixed Assets       | 500                       |                 | (500)   |
| <b>Total Revenues</b>                    | <b>175,000</b>            | <b>152,911</b>  | <b>(22,089)</b>                                 |
| <b>Expenses:</b>                         |                           |                 |   |
| Salaries                                 | 62,650                    | 52,661          | 9,989   |
| Fringe Benefits                          | 23,760                    | 20,939          | 2,821   |
| Purchased Services                       | 8,500                     | 7,709           | 791   |
| Materials and Supplies                   | 85,000                    | 69,756          | 15,244  |
| Capital Outlay                           | 1,900                     | 402             | 1,498   |
| <b>Total Expenses</b>                    | <b>181,810</b>            | <b>151,467</b>  | <b>30,343</b>                                   |
| Excess of Revenues Over (Under) Expenses | (6,810)                   | 1,444           | 8,254   |
| Fund Balances at Beginning of Year       | 21,221                    | 21,221          |   |
| Prior Year Encumbrances Appropriated     | 1,250                     | 1,250           |   |
| <b>Fund Balances at End of Year</b>      | <b>\$15,661</b>           | <b>\$23,915</b> | <b>\$8,254</b>                                  |

*The notes to the general-purpose financial statements are an integral part of this statement.*

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

|   | <b>Food Service</b> |
|---|---------------------|
| <b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                   |                     |
| <b>Cash Flows from Operating Activities:</b>  |                     |
| Cash Received from Customers  | \$135,312           |
| Cash Payments to Suppliers for Goods and Services   | (76,307)            |
| Cash Payments to Employees for Services   | (52,661)            |
| Cash Payments for Employee Benefits   | (20,939)            |
| Net Cash Used for Operating Activities  | (14,595)            |
| <b>Cash Flows from Noncapital Financing Activities:</b>                                   |                     |
| Operating Grants Received   | 16,843              |
| <b>Cash Flows from Investing Activities:</b>  |                     |
| Cash Received from Interest   | 756                 |
| Net Increase in Cash and Cash Equivalents   | 3,004               |
| Cash and Cash Equivalents at Beginning of Year  | 22,471              |
| <b>Cash and Cash Equivalents at End of Year</b>   | <b>\$25,475</b>     |
| <b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:</b>        |                     |
| Operating Loss  | (\$37,848)          |
| <b>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</b> |                     |
| Depreciation  | 5,155               |
| Donated Commodities Used During Year  | 15,091              |
| Changes in Assets and Liabilities:  |                     |
| Decrease in Inventory Held for Resale   | 1,041               |
| Increase in Materials and Supplies  | (273)               |
| Increase in Prepaid Items   | (1)                 |
| Decrease in Contracts Payable   | (1,376)             |
| Increase in Accrued Wages and Benefits  | 2,676               |
| Increase in Compensated Absences Payable  | 674                 |
| Increase in Intergovernmental Payable   | 266                 |
| <b>Net Cash Used for Operating Activities</b>   | <b>(\$14,595)</b>   |

*The notes to the general-purpose financial statements are an integral part of this statement.*

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**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Ottoville Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1917 through the consolidation of existing land areas and township school districts. The School District serves an area of approximately 40 square miles. It is located in Putnam and Paulding Counties, and includes all of the Village of Ottoville and portions of Jennings, Monterey, Jackson and Perry townships in Putnam County and Washing Township in Paulding County. It is staffed by 24 non-certificated employees, 40 certificated full-time teaching personnel and 4 administrative employees who provide services to 663 students and other community members. The School District currently operates one instructional building.

**Reporting Entity:**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Ottoville Local School District, this includes general operations, food service, 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. The School District does not have any component units.

The School District is associated with three jointly governed organizations and two group purchasing pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Vantage Joint Vocational School, the West Central Regional Professional Development Center, the Northwest Ohio Computer Service Cooperative Workers' Compensation Rating Plan, and the Putnam County Schools Insurance Group. These organizations are presented in Notes 16 and 17 to the general-purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Ottoville Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units, except for the exclusion of fixed assets which is further described in Note 8. 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

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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 on 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 restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable 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.

**1. 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 and trust 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 expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

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

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

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**2. Proprietary Fund Type**

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 is the School District's proprietary fund type:

Enterprise Fund - The Enterprise fund is used to account for School District activities 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.

**3. 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 only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**4. Account Groups**

To make a clear distinction between long-term liabilities related to specific funds and those of a general nature, the following account group is 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.

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 or trust 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 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.

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

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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 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 fiscal 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.

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, 1999, 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 enterprise fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on 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 Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function and fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Putnam County Educational Service Center is the primary recipient of Eisenhower, Title VI-B, drug free and Title VI-B preschool flow-through grants. Budgetary information for these funds is

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

not included within the School District's reporting entity for which the "appropriated budget" is adopted.

**1. 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 Putnam County Budget Commission for rate determination.

**2. Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the 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 1999.

**3. 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 is 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 and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, 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.

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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.

**4. 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. 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.

**5. Lapsing of Appropriations**

At the close of each fiscal 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, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 1999, investments were limited to repurchase agreements which are reported at cost.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during fiscal year 1999 amounted to \$65,007, which includes \$22,375 assigned from other School District funds.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "Cash with Fiscal Agent."

Cash held for the School District by the Putnam County Educational Service Center is included on the combined balance sheet as "Cash with Fiscal Agent."

For purposes of the Statement of Cash Flows and for presentation of the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**E. 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".

**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 expendable 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 expensed when used.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District and to create a reserve for budget stabilization. See Note 14 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**I. Fixed Assets**

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 enterprise fund are capitalized in the related 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 date received. The School District maintains a capitalization threshold of five hundred dollars for single items, two hundred fifty dollars for grouped items, and ten thousand dollars for building improvements, land improvements and improvements other than buildings. The School District does not have any infrastructure.

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of fifteen to twenty years.

**J. 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 enterprise fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

**Entitlements**

*General Fund*

- State Foundation Program
- State Property Tax Relief
- School Bus Program
- Equity Funding
- Special Revenue Fund*
- Textbook Subsidy

**Non-Reimbursable Grants**

*Special Revenue Funds*

- Professional Development
- Education Management Information Systems
- Eisenhower
- Title VI-B
- Title VI-B Preschool
- Title I
- Title VI
- Drug Free
- Library Automation
- Continuous Improvement Grant

*Capital Projects Funds*

- School Net
- Technology Equity
- Interactive Video Distance Learning Grant

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**Reimbursable Grants**

*General Fund*

Driver Education

*Capital Projects Fund*

Emergency Building Repair

*Proprietary Funds*

National School Lunch Program

Government Donated Commodities

Grants and entitlements received in governmental funds amounted to seventy percent of governmental fund revenue during the 1999 fiscal year.

**K. 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for classified, certified and administrative employees after ten years of service with the School District or any other political subdivision.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable 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 the enterprise fund, the entire amount of compensated absences is reported as a fund liability.

**L. 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, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year end are considered not to have used current available financial resources. Bonds are reported as a liability of the general long-term obligations account group until due.

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Long-term debt and other obligations financed by the enterprise fund are reported as liabilities in the enterprise fund.

**M. 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 nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**N. Fund Balance Reserves and Designations**

The School District reserves those portions of fund equity which are legally segregated for a 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 have been established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization, and bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

The School District designates a portion of fund equity to indicate tentative planned expenditures of financial resources. A fund balance designation has been established for the revenues set-aside for budget stabilization that exceeded the statutorily required amount.

**O. Use of Estimates**

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

**P. 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 or results of operations 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.

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**3. ACCOUNTABILITY**

At June 30, 1999, the Emergency Repair Grant and A.D.A. Grant capital project funds had deficit fund balances of \$50,000 and \$49,807 respectively which were caused by the application of generally accepted accounting principles. The General fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**4. BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/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 the Statement of Revenues, Expenses and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - Enterprise Fund 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 that:

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 disclosure in the proprietary fund type (GAAP basis).
4. The District does not budget for the grants that are held and administered by the Putnam County Educational Service Center (budget basis). However, the grant activity is included as a special revenue fund for GAAP reporting.

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<br>Over (Under) Expenditures and Other Financing Uses<br>All Governmental fund Types |           |                    |                 |                     |
|---|-----------|--------------------|-----------------|---------------------|
|   | General   | Special<br>Revenue | Debt<br>Service | Capital<br>Projects |
| GAAP Basis  | \$226,477 | \$5,406            | \$19,206        | \$34,705            |
| Revenue Accruals  | (9,329)   | (150)              | (987)           | (1,294)             |
| Expenditure Accruals  | 39,619    | 2,629              |                 | (31,695)            |
| Prepaid Items   | (17,417)  |                    |                 |                     |
| Advances In (Out)   | (50,000)  |                    |                 | 50,000              |

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|                                    | General   | Special<br>Revenue | Debt<br>Service | Capital<br>Projects |
|------------------------------------|-----------|--------------------|-----------------|---------------------|
| Excess of Revenues Over            |           |                    |                 |                     |
| Expenditures for Nonbudgeted Funds |           | (1,853)            |                 |                     |
| Encumbrances Outstanding           |           |                    |                 |                     |
| At year End (Budget Basis)         | (75,381)  | (9,899)            |                 | (22,633)            |
| Budget Basis                       | \$113,969 | (\$3,867)          | \$18,219        | \$29,083            |

Net Loss/Excess of Revenues Over Expenses  
Enterprise Fund

|  | Food Service |
|--|--------------|
| GAAP Basis   | (\$5,158)    |
| Expense Accrual  | 832          |
| Materials and Supplies Inventory                           | (273)        |
| Inventory Held for Resale                                  | 2,449        |
| Prepaid Items  | (1)          |
| Depreciation   | 5,155        |
| Encumbrances Outstanding at Fiscal Year End (Budget Basis) | (1,560)      |
| Budget Basis   | \$1,444      |

**5. DEPOSITS AND INVESTMENTS**

The Treasurer is responsible for selecting depositories and investing funds. 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 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 moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

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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. Interim moneys may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal 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 marking association. All federal agency services 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 or its political subdivisions, provided that such political subdivisions are located wholly or partly within the School District;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

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

At fiscal year end, the School District had \$50 in undeposited cash on hand which is included on the Combined Balance Sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

At fiscal year end, the School District's special revenue funds had a balance of \$3,895 with the Putnam County Educational Service Center (ESC). The money is held by the ESC in a pooled account which is representative of numerous funds therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents along with financial information for the Putnam County Educational Service Center as a whole may be obtained from the Putnam County Educational Service Center, County Annex, P. O. Box 190, Ottawa, Ohio 45875.

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The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (Including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$25,689 and the bank balance was \$51,664. The entire bank balance was covered by federal depository insurance.

Investments: GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements," requires that local governments disclose the market value of investments, classified by risk. The School District's investments are categorized as either (1) insured or registered or for which the securities are held by the School District or its agent in the School District's name, (2) uninsured and unregistered for which the securities are held by the counterparty's trust department or agent in the School District's name or (3) uninsured and unregistered for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

The School District had investments in repurchase agreements as of June 30, 1999 with a carrying value and a fair value of \$1,218,000 and were classified as category 3.

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

|                       | <u>Cash and<br/>Cash<br/>Equivalents/<br/>Deposits</u> | <u>Investments</u> |
|-----------------------|--|--------------------|
| GASB Statement 9      | \$1,247,634  |                    |
| Cash with ESC         | (3,895)  |                    |
| Cash on Hand          | (50)   |                    |
| Investments:          |  |                    |
| Repurchase Agreements | <u>(1,218,000)</u>                                     | <u>\$1,218,000</u> |
| GASB Statement 3      | <u>\$25,689</u>  | <u>\$1,218,000</u> |

**6. 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 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes

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are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment 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 Putnam and Paulding Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance 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 represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. 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 fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$46,318 in the General Fund, \$7,761 in the Bond Retirement Debt Service Fund, and \$5,348 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 1998, was \$35,635 in the General Fund, \$6,774 in the Bond Retirement Debt Service Fund, and \$4,054 in the Permanent Improvement Capital Projects Fund.

The assessed values upon which fiscal year 1999 taxes were collected are:

|   | 1998 Second-<br>Half Collections |                | 1999 First-<br>Half Collections |                |
|---|----------------------------------|----------------|---------------------------------|----------------|
|   | Amount                           | Percent        | Amount                          | Percent        |
| Agricultural/Residential and<br>Other Real Estate | \$28,543,800                     | 87.58%         | \$29,359,280                    | 85.67%         |
| Public Utility                                    | 1,719,040                        | 5.27%          | 1,730,060                       | 5.05%          |
| Tangible Personal Property                        | 2,329,602                        | 7.15%          | 3,180,318                       | 9.28%          |
| Total Assessed Value                              | <u>\$32,592,442</u>              | <u>100.00%</u> | <u>\$34,269,658</u>             | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation        |                                  | <u>\$35.72</u> |                                 | <u>\$35.22</u> |

The bond retirement levy tax rate dropped by \$.50 per \$1,000 of assessed value. The decrease was due to an increase in assessed value of property.

**7. RECEIVABLES**

Receivables at June 30, 1999, consisted of property taxes, accounts (student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to

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foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

|                                     | Amounts  |
|-------------------------------------|----------|
| General Fund                        |          |
| Drivers Education                   | \$2,050  |
| Special Education Bus               | 8,819    |
| Technology Training                 | 950      |
| Other                               | 159      |
| Total General Fund                  | 11,978   |
| <br>Special Revenue Fund            |          |
| Athletic and Music Fund             |          |
| Track Meet                          | 90       |
| Total Intergovernmental Receivables | \$12,068 |

**8. FIXED ASSETS**

A summary of the enterprise funds' fixed assets as of June 30, 1999, follows:

|                               |           |
|-------------------------------|-----------|
| Furniture and Equipment       | \$106,793 |
| Less Accumulated Depreciation | (31,598)  |
| Net Fixed Assets              | \$75,195  |

A summary of the changes in general fixed assets during fiscal year 1999 follows:

| Asset Category                    | Balance at<br>6/30/98 | Additions | Deletions | Balance at<br>6/30/99 |
|-----------------------------------|-----------------------|-----------|-----------|-----------------------|
| Land and Improvements             | \$39,574              | \$1,800   |           | \$41,374              |
| Buildings and Improvements        | 3,106,438             | 500,000   |           | 3,606,438             |
| Furniture, Fixtures and Equipment | 824,219               | 94,987    |           | 919,206               |
| Vehicles                          | 420,406               | 14,500    |           | 434,906               |
| Totals                            | \$4,390,637           | \$611,287 |           | \$5,001,924           |

**9. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with Cincinnati Insurance for property, fleet insurance, and inland marine coverage and Nationwide Insurance for liability insurance coverage. Coverages provided by these companies are as follows:

|  |              |
|--|--------------|
| Building and Contents-replacement cost (\$250 deductible)    | \$10,080,781 |
| Boiler and Machinery - limit per accident (\$500 deductible) | 6,766,000    |
| Musical Instruments (\$100 deductible)                       | 149,117      |
| Contractor's Equipment (\$100 deductible)                    | 2,967        |

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|                      |           |
|----------------------|-----------|
| EDP Coverage         |           |
| Equipment            | 464,417   |
| Media                | 10,000    |
| Automobile Liability | 2,000,000 |
| General Liability    |           |
| Per occurrence       | 2,000,000 |
| Aggregate            | 5,000,000 |
| Crime                | 2,500     |

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reductions in coverages from the prior year.

For fiscal year 1999, the School District participated in the Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool (See Note 17). The Program is intended to reduce premiums for the participants. 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 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 insures 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 Program's selection criteria. The school districts apply for participation each year. The firm of Acordia of Northeast Ohio provides administrative, cost control, and actuarial services to the Program. Each year, the School District pays an enrollment fee to the Program to cover the costs of administering the program.

The School District participates in the Putnam County Schools Insurance Group (PCSIG), a shared risk pool consisting of nine local school districts and an educational service center. The School District pays monthly premiums to the PCSIG for employee medical benefits. The PCSIG is responsible for the management and operations of the program. Upon withdrawal from the PCSIG, a participant is responsible for the payment of all PCSIG liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal. The PCSIG also operates as an insurance purchasing pool for employee dental benefits.

**10. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215.

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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. The current rate School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 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 School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$27,294, \$30,705, and \$32,659, respectively; 42.5 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$10,916 representing the unpaid contribution for fiscal year 1999, 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 participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 1999, plan members are required to contribute 9.3 percent of their annual covered salary. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contribution for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$89,991, \$153,206, and \$165,324, respectively; 83.7 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$14,793 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate state system. As of June 30, 1999, two of the board members has elected Social Security. The School District's liability is 6.2 percent of wages paid.

**11. POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare

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premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$119,988 during the 1999 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 billion at June 30, 1999. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll; an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including surcharge, equaled \$35,119 during the 1999 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expense for health care at June 30, 1999, were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**12. EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. The superintendent and treasurer earn twenty days of vacation per contract period. Accumulated, unused vacation time is paid to the superintendent, treasurer, and classified employees upon termination of employment. Teachers do not earn vacation time.

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Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for eligible employees. Upon retirement, payment is made for 22 percent of accrued, but unused sick leave credit.

**B. Health Care Benefits**

The School District provides health insurance benefits to employees through the Putnam County Schools Insurance Group. The premium varies with each employee depending on marital and family status. The School District also provides prescription drug and dental insurance through the same provider. This premium also varies with each employee depending on marital and family status.

**13. INTERFUND ACTIVITY**

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

|                           | <u>Interfund Receivable/Payable</u> |                |
|---------------------------|-------------------------------------|----------------|
|                           | <u>Receivable</u>                   | <u>Payable</u> |
| General Fund              | \$50,000                            |                |
| Capital Projects Fund     |                                     |                |
| Emergency Building Repair |                                     | \$50,000       |
| Total                     | \$50,000                            | \$50,000       |

**14. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

|   | <u>Principal<br/>Outstanding<br/>6/30/98</u> | <u>Additions</u> | <u>Deductions</u> | <u>Principal<br/>Outstanding<br/>6/30/99</u> |
|---|--|------------------|-------------------|--|
| 1995 Variable Rate School Improvement Bonds | \$1,395,000                                  |                  | \$50,000          | \$1,345,000                                  |
| Intergovernmental Payable                   | 21,252                                       | \$22,724         | 21,252            | 22,724                                       |
| Compensated Absences                        | 137,048                                      | 37,201           |                   | 174,249                                      |
| Total General Long-Term Obligations         | \$1,553,30                                   | \$59,925         | \$71,252          | \$1,541,973                                  |

*School Improvement General Obligation Bonds* - On November 1, 1995, Ottoville Local School District issued \$1,490,000 in voted general obligation bonds for the purpose of constructing a building addition. The bonds bear interest of 5.90 to 18.00 percent. The bonds were issued for a twenty-six year period with final maturity on December 1, 2021. The bonds will be retired from the debt service fund with proceeds from a voted property tax levy.

Compensated absences and the intergovernmental payable will be paid from the fund from which the employees' salaries are paid. The change in compensated absences is presented net because it is not practical to determine the actual increase and decrease.

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

The School District's overall legal debt margin was \$1,832,465 with an unvoted debt margin of \$34,270 at June 30, 1999.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 1999, are as follows:

| Fiscal year<br>Ending June 30, | Principal          | Interest         | Total              |
|--------------------------------|--------------------|------------------|--------------------|
| 2000                           | \$55,000           | \$75,535         | \$130,535          |
| 2001                           | 50,000             | 71,772           | 121,772            |
| 2002                           | 50,000             | 69,197           | 119,197            |
| 2003                           | 50,000             | 66,610           | 116,610            |
| 2004                           | 50,000             | 63,998           | 113,998            |
| 2005-2009                      | 250,000            | 280,538          | 530,538            |
| 2010-2014                      | 275,000            | 209,007          | 484,007            |
| 2015-2022                      | 565,000            | 137,323          | 702,323            |
| Total                          | <u>\$1,345,000</u> | <u>\$973,980</u> | <u>\$2,318,980</u> |

**15. SET-ASIDE CALCULATIONS AND FUND RESERVES**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

|   | Textbooks       | Capital<br>Acquisition | Budget<br>Stabilization | Totals          |
|---|-----------------|------------------------|-------------------------|-----------------|
| Set-aside Cash Balance as of<br>June 30, 1998 |                 |                        | \$10,725                | \$10,725        |
| Current Year Set-aside Requirement            | \$45,823        | \$45,823               | 23,202                  | 114,848         |
| Current Year Offsets                          | (9,653)         | (45,823)               |                         | (55,476)        |
| Qualifying Disbursements                      | <u>(36,170)</u> |                        |                         | <u>(36,170)</u> |
| Set-aside Cash Balance as of<br>June 30, 1999 |                 |                        | <u>\$33,927</u>         | 33,927          |
| Amount restricted for bus purchases           |                 |                        |                         | <u>29,393</u>   |
| Total Restricted Assets                       |                 |                        |                         | <u>\$63,320</u> |

Amounts of offsets and qualifying disbursements presented in the table were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying disbursements during the year, these extra amounts may not be used to reduce the set-aside requirements of future years, and are therefore not presented.

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS**

*Northwest Ohio Area Computer Services Cooperative* - The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Putnam, Mercer, Paulding and Van Wert Counties and Cities of Wapakoneta and St. Marys. The 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 school districts. The legislative and advisory body is the assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating school district is limited to its representation on the assembly, which elects the board of directors. The board of directors exercises total control over the operation of NOACSC including budgeting, appropriating, contracting and designating management. Financial information can be obtained from Michael Wildermuth, who serves as director, at 645 South Main Street, Lima, Ohio 45804-1241.

*Vantage Joint Vocational School* - The Vantage Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Vantage Joint Vocational School, Ella Jackson, who serves as Treasurer, at 818 North Franklin Street, Van Wert, Ohio 45891-1304.

*West Central Regional Professional Development Center (Center)* - The Center is a jointly governed organization among the school districts located in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam and Van Wert counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities than are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a governing board made up of fifty-two representatives of the participating school districts, the business community, and two institutions of higher learning whose term rotates every two years. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information may be obtained by contacting Dorothy Oldham, Treasurer at the Hancock County Educational Service Center, 604 Lima Avenue, Findlay, Ohio 45840-3087.

**17. GROUP PURCHASING POOLS**

*Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Plan* - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program (the Program) was established through the Northwest Ohio Area Computer Service Cooperative as a group purchasing pool. The Program's business and affairs are conducted by a twenty-five member Board of directors consisting of two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The Treasurer of Findlay City Schools serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the program.

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

*Putnam County Schools Insurance Group* - The School District participates in a shared risk and insurance purchasing pool consisting of nine school districts, one educational service center and a board of mental retardation and development disabilities. The insurance group is governed by an advisory committee consisting of each member's superintendent or designee and a teacher from each participating school district. Premiums are paid on a monthly basis to the insurance group and their designated insurance company. The PCSIG is responsible for the operation and maintenance of the program. If the premiums are insufficient to pay the program costs for the fiscal year, the PCSIG may assess additional charges to all participants. The Putnam County Educational Service Center serves as coordinator of the insurance group. Financial information can be obtained from Kathleen Schmitz, who serves as treasurer, at P. O. Box 190, Ottawa, Ohio 45875.

**18. SCHOOL FUNDING**

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 the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$1,960,303 of school foundation support for its general fund.

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

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

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

**19. CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

**B. Litigation**

The School District is not party to any legal proceedings.

**20. SUBSEQUENT EVENTS**

On November 20, 2000, the Board of Education authorized the District to enter into an agreement with the Ohio School Facilities Commission for a \$12,718,065 building construction and renovation project. The project will be financed by a \$10,556,065 grant from the Ohio School Facilities Commission and through issuance of bonds in the amount of \$2,162,000. The bond issue was approved by the voters of the District on November 7, 2000.

On November 20, 2000, the Board passed a resolution to amend the project agreement from renovation of the current facility to construction of a new building for grades K-12. The additional cost for the this project is \$5,135,196 with \$4,262,196 financed by the Ohio School Facilities Commission and \$873,000 from the District. The Board intends to ask the voters, at a special election in February, for approval of an additional bond issue to finance the local share.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

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

Ottoville Local School District  
Putnam County  
300 West Third Street  
P.O. Box 248  
Ottoville, Ohio 45876-0248

To the Board of Education:

We have audited the financial statements of the Ottoville Local School District, Putnam County, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 5, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 5, 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 do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 5, 2000.

Ottoville Local School District  
Putnam County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

December 5, 2000

**OTTOVILLE LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| Finding<br>Number | Finding<br>Summary                          | Fully<br>Corrected? | Not Corrected, Partially Corrected;<br>Significantly Different Corrective Action<br>Taken; or Finding No Longer Valid;<br><i><b>Explain:</b></i> |
|-------------------|---|---------------------|--|
| 1998-10269-001    | ORC § 5705.41(D)<br>certification of funds. | Yes                 |  |





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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

**OTTOVILLE LOCAL SCHOOL DISTRICT**

**PUTNAM COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 26, 2000**