AUDITOR C

OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT PUTNAM COUNTY

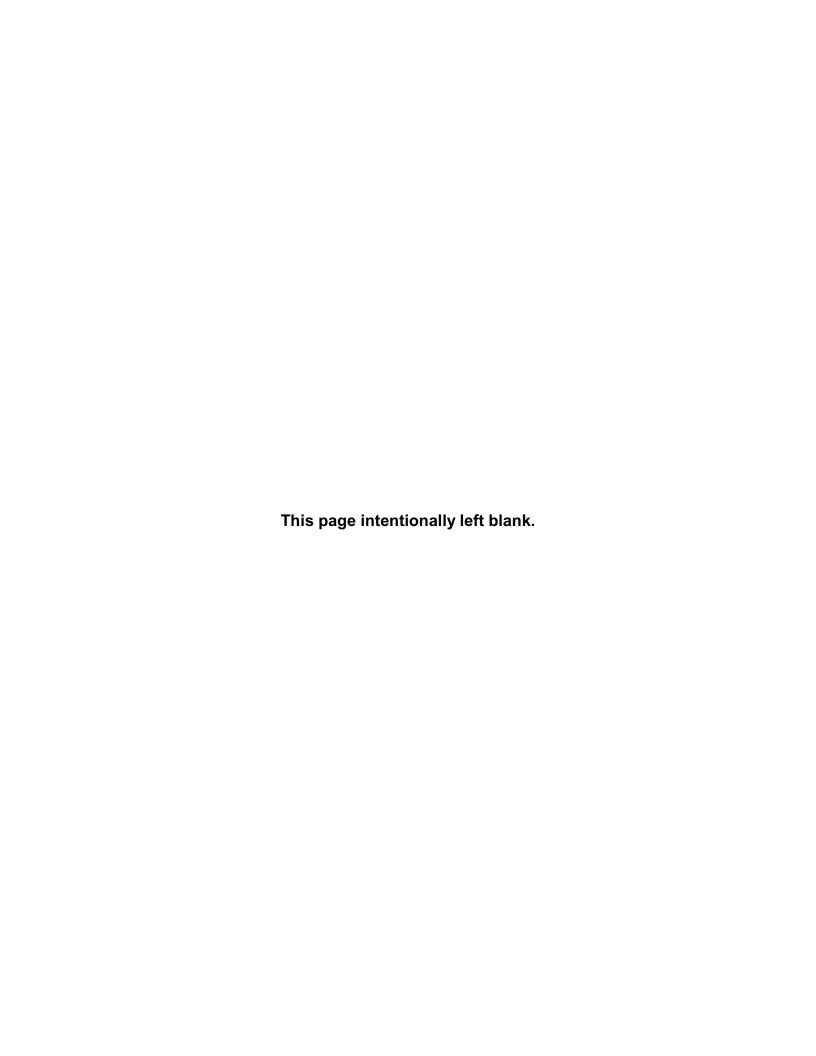
SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



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REPORT OF INDEPENDENT ACCOUNTANTS

Ottawa-Glandorf Local School District Putnam County 360 North Locust Street Ottawa, Ohio 45875-1432

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Ottawa-Glandorf 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 District, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

As described in note 3 to the general-purpose financial statements, during fiscal year 1999 the District changed its method of accounting for deferred compensation programs.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 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.

Ottawa-Glandorf Local School District Putnam County Report of Independent Accountants Page 2

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole

Jim Petro Auditor of State

December 12, 2000

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Equity in pooled cash, cash equivalents				
and investments	\$1,950,202	\$1,318,057	\$212,659	\$408,211
Cash with fiscal agent		12,890		
Receivables (net of allowances of uncollectibles):				
Taxes - current and delinquent	3,527,601		255,813	152,181
Accounts	10			
Accrued interest	34,908			
Interfund loan receivable	30,000			
Due from other governments	2,300			
Loans receivable				
Prepayments	21,778			
Materials and supplies inventory	1,238			
Restricted assets:				
Equity in pooled cash and cash equivalents	32,039			
Property, plant and equipment (net of accumulated				
depreciation where applicable)				
Other debits:				
Amount available in Debt Service Fund				
Amount to be provided for retirement of				
General Long-Term Obligations				
Total assets and other debits	\$5,600,076	\$1,330,947	\$468,472	\$560,392

Proprietary	Fund Types	Fiduciary Fund Types	Account Groups		
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Total (Memorandum Only)
\$362,947	\$128,561	\$41,060			\$4,421,697 12,890
86	7,525				3,935,595 7,621 34,908
8,763		28,095			30,000 11,063 28,095
6,683					21,778 7,921
					32,039
64,031			\$8,976,703		9,040,734
				\$221,512	221,512
				1,543,751	1,543,751
\$442,510	\$136,086	\$69,155	\$8,976,703	\$1,765,263	\$19,349,604

(Continued)

COMBINED BALANCE SHEET ALL FUND TYPES AND ACCOUNT GROUPS JUNE 30, 1999 (Continued)

	Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects	
LIABILITIES, EQUITY AND OTHER CREDITS					
Liabilities:					
Accounts payable	\$160,360	\$16,073		\$46,719	
Accrued wages and benefits	568,592	32,987			
Compensated absences payable	18,201				
Pension obligation payable	135,692	5,943			
Interfund loan payable					
Claims payable					
Deferred revenue	3,005,263		\$246,960	139,766	
Due to students					
Deposits held and due to others					
General obligation bonds payable					
Energy conservation bonds payable					
Asbestos removal loan payable		·			
Total liabilities	3,888,108	55,003	246,960	186,485	
Equity and other credits:					
Investment in general fixed assets					
Contributed capital					
Retained earnings: unreserved					
Fund balances:					
Designated for termination benefits		100,000			
Designated for budget stabilization	46,051				
Reserved for encumbrances	221,334	41,034		204,320	
Reserved for supplies inventory	1,238				
Reserved for prepayments	21,778				
Reserved for debt service			212,659		
Reserved for tax revenue unavailable					
for appropriation	260,062		8,853	12,415	
Reserved for loans receivable					
Reserved for budget stabilization	32,039				
Unreserved-undesignated	1,129,466	1,134,910		157,172	
Total equity and other credits	1,711,968	1,275,944	221,512	373,907	
Total liabilities, equity and other credits	\$5,600,076	\$1,330,947	\$468,472	\$560,392	

Proprietary Fund Types		Fiduciary Fund Types	Account (Total	
Enterprise	Internal Service	Trust and Agency	Fixed Assets	General Long-Term Obligations	(Memorandum Only)
\$10,890 17,401 19,199 15,418 20,000	\$6 458 10,000 13,015	\$32,657		\$815,248 43,500	\$234,042 618,986 852,648 201,011 30,000 13,015 3,397,153 32,657
		3,168		600,000 290,500 16,015	3,168 600,000 290,500 16,015
88,072	23,479	35,825		1,765,263	6,289,195
52,546 301,892	112,607		\$8,976,703		8,976,703 52,546 414,499 100,000 46,051 466,688 1,238 21,778
					212,659 281,330
		28,095			28,095
		5,235			32,039 2,426,783
354,438	112,607	33,330	8,976,703		13,060,409
\$442,510	\$136,086	\$69,155	\$8,976,703	\$1,765,263	\$19,349,604

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

	Governmental Fund Types	
Payanuag	General	Special Revenue
Revenues: From local sources:		
Taxes	\$3,704,512	
Tuition	10,840	
Earnings on investments	137,555	\$32,887
Other local revenues	37,944	249,160
Intergovernmental - State	4,708,506	353,149
Intergovernmental - Federal		358,557
Total revenue	8,599,357	993,753
Expenditures:		
Current:		
Instruction:		
Regular	4,487,614	128,272
Special	797,972	108,542
Vocational	202,267	
Other	32,435	2,608
Support services:		
Pupil	265,909	14,385
Instructional staff	280,292	40,802
Board of Education	26,181	105.007
Administration	692,692	125,387
Fiscal	249,300	1,393
Business	211	04.040
Operations and maintenance	566,055	24,612
Pupil transportation Central	378,343 247	16 712
Community services	115	16,713 184,664
Extracurricular activities	171,354	187,795
Facilities services	193,471	107,795
Debt service:	193,471	
Principal retirement		
Interest and fiscal charges		
Total expenditures	8,344,458	835,173
Excess of revenues over (under) expenditures	254,899	158,580
Other financing sources (uses):		
Operating transfers in		118,000
Operating transfers out	(118,000)	-,
Proceeds from sale of assets	550	
Total other financing sources (uses)	(117,450)	118,000
Excess of revenues and other financing sources over		
(under) expenditures and other financing uses	137,449	276,580
Fund balance, July 1	1,574,843	999,364
Decrease in reserve for inventory	(324)	
Fund balance, June 30	\$1,711,968	\$1,275,944

Governmental	l Fund Types	Fiduciary Fund Type	
Debt Service	Capital Projects	Expendable Trust	Total (Memorandum Only)
\$208,888 10,285	\$351,160 59,760	\$2,746	\$4,264,560 10,840 170,442 289,850 5,131,700 358,557
219,173	410,920	2,746	10,225,949
	88,046		4,703,932 906,514 202,267 35,043
3,062	135,422 4,103 247,992		280,294 456,516 26,181 818,079 257,858 211 838,659 378,343
	10,776	2,120	16,960 186,899 359,149 204,247
135,000 66,326			135,000 66,326
204,388	486,339	2,120	9,872,478
14,785	(75,419)	626	353,471
			118,000 (118,000) 550
14,785	(75,419)	626	354,021
206,727	449,326	32,704	3,262,964 (324)
\$221,512	\$373,907	\$33,330	\$3,616,661

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

Reviside Budget Actual Variance: Floworable (Unfavorable) Revenues: From local sources: Taxes \$3,586,755		General Fund		
From local sources:				Favorable
Taxes				
Earnings on investments 175,309 175,309 176,309 176,309 176,309 36,343	Taxes			
Other local revenues 36,343 36,343 Intergovernmental - Federal 4,711,835 4,711,835 Total revenues 8,521,082 8,521,082 Expenditures: Current: Instruction: 8,521,082 Regular 4,449,649 4,449,649 Special 801,145 801,145 Vocational 205,563 205,563 Other 32,978 32,978 Support services: 20,563 205,563 Pupil 28,383 263,833 Instructional staff 286,947 286,947 Board of Education 25,760 25,760 Administration 706,242 706,242 Fiscal 254,310 254,310 Business 210 210 Operations and maintenance 600,129 600,129 Pupil transportation 485,722 485,722 Central 247 247 Community services 114 114 Extracurricular activities 176,271				
Total revenues 8,521,082 8,521,082				
Expenditures: Current: Instruction: Regular Special Sultinum Su		4,711,835	4,711,835	
Current:	Total revenues	8,521,082	8,521,082	
Special 801,145 801,145 Vocational 205,563 205,563 Other 32,978 32,978 Support services: 32,978 32,978 Pupil 263,833 263,833 Instructional staff 286,947 286,947 Board of Education 25,760 25,760 Administration 706,242 706,242 Fiscal 254,310 254,310 Business 210 210 Operations and maintenance 600,129 600,129 Pupil transportation 485,722 485,722 Central 247 247 Community services 114 114 Extracurricular activities 176,271 176,271 Facilities services 194,471 194,471 Debt service: Principal retirement 1 Interest and fiscal charges 37,491 37,491 Excess of revenues over (under) expenditures 37,491 37,491 Other financing sources (uses): Refun d	Current:			
Vocational Other 205,563 32,978 205,563 32,978 Support services: Pupil 263,833 283,833 32,978 Instructional staff 286,947 286,947 286,947 286,947 Board of Education 25,760 25,760 25,760 25,760 Administration 706,242 706,242 706,242 706,242 Fiscal 254,310 254,310 254,310 254,310 Business 210 210 210 210 Operations and maintenance 600,129 600,129 600,129 600,129 Pupil transportation 485,722 485,722 485,722 Central 247 247 247 Community services 114 114 114 Extracurricular activities 176,271 176,271 Facilities services 194,471 194,471 Debt service: Principal retirement Interest and fiscal charges 1,781 1,741 Excess of revenues over (under) expenditures 37,491 37,491 Other financing sources (uses): Refund of prior year's expenditures 1,751 1,751 Operating transfers in 2,259 2,259				
Other 32,978 32,978 Support services: 263,833 263,833 Instructional staff 286,947 286,947 Board of Education 25,760 25,760 Administration 706,242 706,242 Fiscal 254,310 254,310 Business 210 210 Operations and maintenance 600,129 600,129 Pupil transportation 485,722 485,722 Central 247 247 Community services 114 114 Extracurricular activities 176,271 176,271 Facilities services 194,471 194,471 Debt service: Principal retirement 1 Interest and fiscal charges 37,491 37,491 Other financing sources (uses): Refun of prior year's expenditures 1,751 1,751 Operating transfers in 0 0 Operating transfers (out) (118,000) (118,000) Advances in 2,259 2,259				
Support services: 263,833 263,833 Pupil 286,947 286,947 Board of Education 25,760 25,760 Administration 706,242 706,242 Fiscal 254,310 254,310 Business 210 210 Operations and maintenance 600,129 600,129 Pupil transportation 485,722 485,722 Central 247 247 Community services 114 114 Extracurricular activities 176,271 176,271 Facilities services 194,471 194,471 Debt service: Principal retirement Interest and fiscal charges Total expenditures 8,483,591 8,483,591 Excess of revenues over (under) expenditures 37,491 37,491 Other financing sources (uses): Refund of prior year's expenditures 1,751 1,751 Operating transfers (out) (118,000) (118,000) Advances in 2,259 2,259 Advances (out) (30,000) </td <td></td> <td>•</td> <td></td> <td></td>		•		
Pupil		32,370	32,970	
Board of Education		263,833	263,833	
Administration 706,242 706,242 Fiscal 254,310 254,310 Business 210 210 Operations and maintenance 600,129 600,129 Pupil transportation 485,722 485,722 Central 247 247 Community services 114 114 Extracurricular activities 176,271 176,271 Facilities services 194,471 194,471 Debt service: Principal retirement 1 Interest and fiscal charges 701 8,483,591 Total expenditures 8,483,591 8,483,591 Excess of revenues over (under) expenditures 37,491 37,491 Other financing sources (uses): 1,751 1,751 Refund of prior year's expenditures 1,751 1,751 Operating transfers (out) (118,000) (118,000) Advances in 2,259 2,259 Advances (out) (30,000) (30,000) Proceeds of sale of fixed assets 550 550 Total other financing sources (uses) (143,440) (143,440) Excess of revenues and other financing sources over (under) expenditures and other financing (uses) (105,949) (105,949) Fund balance, July 1 <t< td=""><td></td><td>•</td><td></td><td></td></t<>		•		
Fiscal 254,310 254,310 Business 210 210 Operations and maintenance 600,129 600,129 Pupil transportation 485,722 485,722 Central 247 247 Community services 1114 1114 Extracurricular activities 176,271 176,271 Facilities services 194,471 194,471 Debt service: Principal retirement Principal retirement Interest and fiscal charges 37,491 37,491 Total expenditures 8,483,591 8,483,591 Excess of revenues over (under) expenditures 37,491 37,491 Other financing sources (uses): Refund of prior year's expenditures 1,751 1,751 Operating transfers in (118,000) (118,000) Advances (out) (30,000) (30,000) Advances (out) (30,000) (30,000) Proceeds of sale of fixed assets 550 550 Total other financing sources (uses) (143,440) (143,440)				
Business 210 210 Operations and maintenance 600,129 600,129 Pupil transportation 485,722 485,722 Central 247 247 Community services 114 114 Extracurricular activities 176,271 176,271 Facilities services 194,471 194,471 Debt service: Principal retirement 194,471 194,471 Interest and fiscal charges 37,491 37,491 37,491 Excess of revenues over (under) expenditures 37,491 37,491 37,491 Other financing sources (uses): 1,751 1,751 1,751 Operating transfers in 0perating transfers (out) (118,000) (118,000) Advances (out) (30,000) (30,000) 30,000) Proceeds of sale of fixed assets 550 550 550 Total other financing sources (uses) (143,440) (143,440) (143,440) Excess of revenues and other financing (uses) (105,949) (105,949) (105,949) Fund balance, Jul				
Operations and maintenance 600,129 600,129 Pupil transportation 485,722 485,722 Central 247 247 Community services 114 114 Extracurricular activities 176,271 176,271 Facilities services 194,471 194,471 Debt service: Principal retirement 194,471 194,471 Interest and fiscal charges 8,483,591 8,483,591 Excess of revenues over (under) expenditures 37,491 37,491 Other financing sources (uses): 1,751 1,751 Refund of prior year's expenditures 1,751 1,751 Operating transfers (out) (118,000) (118,000) Advances (out) (30,000) (30,000) Proceeds of sale of fixed assets 550 550 Total other financing sources (uses) (143,440) (143,440) Excess of revenues and other financing sources over (under) expenditures and other financing (uses) (105,949) (105,949) Fund balance, July 1 1,580,974 1,580,974 Prior year encumbrances ap				
Central Community services 247 247 Community services 114 114 Extracurricular activities 176,271 176,271 Facilities services 194,471 194,471 Debt service: 194,471 194,471 Principal retirement Interest and fiscal charges 8,483,591 8,483,591 Total expenditures 37,491 37,491 Other financing sources (uses): Refund of prior year's expenditures 1,751 1,751 Operating transfers in 0perating transfers (out) (118,000) (118,000) Advances in 2,259 2,259 Advances (out) (30,000) (30,000) Proceeds of sale of fixed assets 550 550 Total other financing sources (uses) (143,440) (143,440) Excess of revenues and other financing sources over (under) expenditures and other financing (uses) (105,949) (105,949) Fund balance, July 1 1,580,974 1,580,974 Prior year encumbrances appropriated 250,528 250,528		_		
Community services 114 114 114 114 176,271 176,271 176,271 176,271 176,271 176,271 176,271 176,271 176,271 176,271 176,271 176,271 176,271 194,471 194		485,722	485,722	
Extracurricular activities 176,271 176,271 Facilities services 194,471 194,471 Debt service: Principal retirement Interest and fiscal charges Total expenditures 8,483,591 8,483,591 Excess of revenues over (under) expenditures 37,491 37,491 Other financing sources (uses): Refund of prior year's expenditures 1,751 1,751 Operating transfers in Operating transfers (out) (118,000) (118,000) Advances in 2,259 2,259 Advances (out) (30,000) (30,000) Proceeds of sale of fixed assets 550 550 Total other financing sources (uses) (143,440) (143,440) Excess of revenues and other financing sources over (under) expenditures and other financing (uses) (105,949) (105,949) Fund balance, July 1 1,580,974 1,580,974 Prior year encumbrances appropriated 250,528 250,528				
Facilities services 194,471 194,471 Debt service: Principal retirement Interest and fiscal charges 8,483,591 8,483,591 Total expenditures 37,491 37,491 Excess of revenues over (under) expenditures Other financing sources (uses): Refund of prior year's expenditures 1,751 1,751 Operating transfers in (118,000) (118,000) Operating transfers (out) (118,000) (118,000) Advances in 2,259 2,259 Advances (out) (30,000) (30,000) Proceeds of sale of fixed assets 550 550 Total other financing sources (uses) (143,440) (143,440) Excess of revenues and other financing sources over (under) expenditures and other financing (uses) (105,949) (105,949) Fund balance, July 1 1,580,974 1,580,974 Prior year encumbrances appropriated 250,528 250,528				
Debt service: Principal retirement Interest and fiscal charges Total expenditures 8,483,591 8,483,591 Excess of revenues over (under) expenditures 37,491 37,491 Other financing sources (uses): Refund of prior year's expenditures 1,751 1,751 Operating transfers in (118,000) (118,000) Operating transfers (out) (30,000) (30,000) Advances in 2,259 2,259 Advances (out) (30,000) (30,000) Proceeds of sale of fixed assets 550 550 Total other financing sources (uses) (143,440) (143,440) Excess of revenues and other financing sources over (under) expenditures and other financing (uses) (105,949) (105,949) Fund balance, July 1 1,580,974 1,580,974 Prior year encumbrances appropriated 250,528 250,528				
Interest and fiscal charges				
Excess of revenues over (under) expenditures 37,491 37,491 Other financing sources (uses): 1,751 1,751 Refund of prior year's expenditures 1,751 1,751 Operating transfers in (118,000) (118,000) Operating transfers (out) (30,000) (30,000) Advances in 2,259 2,259 Advances (out) (30,000) (30,000) Proceeds of sale of fixed assets 550 550 Total other financing sources (uses) (143,440) (143,440) Excess of revenues and other financing sources over (under) expenditures and other financing (uses) (105,949) (105,949) Fund balance, July 1 1,580,974 1,580,974 Prior year encumbrances appropriated 250,528 250,528				
Other financing sources (uses): Refund of prior year's expenditures 1,751 1,751 Operating transfers in (118,000) (118,000) Operating transfers (out) (2,259 2,259 Advances in (30,000) (30,000) Proceeds of sale of fixed assets 550 550 Total other financing sources (uses) (143,440) (143,440) Excess of revenues and other financing sources over (under) expenditures and other financing (uses) (105,949) (105,949) Fund balance, July 1 1,580,974 1,580,974 Prior year encumbrances appropriated 250,528 250,528	Total expenditures	8,483,591	8,483,591	
Refund of prior year's expenditures 1,751 1,751 Operating transfers in (118,000) (118,000) Operating transfers (out) (118,000) (118,000) Advances in 2,259 2,259 Advances (out) (30,000) (30,000) Proceeds of sale of fixed assets 550 550 Total other financing sources (uses) (143,440) (143,440) Excess of revenues and other financing sources over (under) expenditures and other financing (uses) (105,949) (105,949) Fund balance, July 1 1,580,974 1,580,974 Prior year encumbrances appropriated 250,528 250,528	Excess of revenues over (under) expenditures	37,491	37,491	
Operating transfers (out) (118,000) (118,000) Advances in 2,259 2,259 Advances (out) (30,000) (30,000) Proceeds of sale of fixed assets 550 550 Total other financing sources (uses) (143,440) (143,440) Excess of revenues and other financing sources over (under) expenditures and other financing (uses) (105,949) (105,949) Fund balance, July 1 1,580,974 1,580,974 Prior year encumbrances appropriated 250,528 250,528	Refund of prior year's expenditures	1,751	1,751	
Advances in Advances (out) 2,259 (30,000) (30,000) 2,259 (30,000) (20,000) (30,000) (30,000) (30,000) (30,000) (20,000) (30,000) (20,000)			(118,000)	
Proceeds of sale of fixed assets 550 550 Total other financing sources (uses) (143,440) (143,440) Excess of revenues and other financing sources over (under) expenditures and other financing (uses) (105,949) (105,949) Fund balance, July 1 1,580,974 1,580,974 Prior year encumbrances appropriated 250,528 250,528	Advances in			
Total other financing sources (uses) Excess of revenues and other financing sources over (under) expenditures and other financing (uses) Fund balance, July 1 Prior year encumbrances appropriated (143,440) (105,949) (105,949) 1,580,974 250,528 250,528				
Excess of revenues and other financing sources over (under) expenditures and other financing (uses) Fund balance, July 1 Prior year encumbrances appropriated (105,949) 1,580,974 250,528 250,528				
(under) expenditures and other financing (uses) (105,949) (105,949) Fund balance, July 1 1,580,974 1,580,974 Prior year encumbrances appropriated 250,528 250,528	• , ,	(143,440)	(143,440)	
Prior year encumbrances appropriated 250,528 250,528		(105,949)	(105,949)	
Fund balance, June 30 \$1,725,553 \$1,725,553	, ,		, ,	
	Fund balance, June 30	\$1,725,553	\$1,725,553	

5	Special Revenue		Debt Service		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
			\$207,170	\$207,170	
\$29,949 207,110 293,550 280,303	\$36,029 249,159 353,149 337,212	\$6,080 42,049 59,599 56,909	10,285	10,285	
810,912	975,549	164,637	217,455	217,455	
152,783 117,492	152,783 117,492				
14,839 26,097	14,839 26,097				
127,481 1,431	127,481 1,431		3,425	3,062	\$363
41,063	41,063				
16,821 190,727 196,921	16,821 190,727 196,921				
			185,000 66,339	135,000 66,326	50,000 13
885,655	885,655		254,764	204,388	50,376
(74,743)	89,894	164,637	(37,309)	13,067	50,376
118,000	118,000				
118,000	118,000				
43,257	207,894	164,637	(37,309)	13,067	50,376
982,177 72,246	982,177 72,246		199,592	199,592	
\$1,097,680	\$1,262,317	\$164,637	\$162,283	\$212,659	\$50,376

(Continued)

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

	Capital Projects		
	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues: From local sources: Taxes Tuition Earnings on investments Other local revenues	\$347,329	\$347,329	
Intergovernmental - State Intergovernmental - Federal	59,760	59,760	
Total revenues	407,089	407,089	
Expenditures: Current: Instruction: Regular Special Vocational Other	130,518	130,518	
Support services: Pupil Instructional staff Board of Education Administration	143,454	143,454	
Fiscal	4,103	4,103	
Business Operations and maintenance Pupil transportation Central Community services Extracurricular activities	411,379	411,379	
Facilities services Debt service: Principal retirement Interest and fiscal charges	12,100	12,100	
Total expenditures	701,554	701,554	
Excess of revenues over (under) expenditures	(294,465)	(294,465)	
Other financing sources (uses): Refund of prior year's expenditures Operating transfers in Operating transfers (out) Advances in Advances (out) Proceeds of sale of fixed assets			
Total other financing sources (uses)			
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(294,465)	(294,465)	
Fund balance, July 1 Prior year encumbrances appropriated	309,014 144,443	309,014 144,443	
Fund balance, June 30	\$158,992	\$158,992	

Total (Memo	randum	only)

	otal (Memorandum o	• • • • • • • • • • • • • • • • • • • •
Budget Revised	Actual	Variance: Favorable _(Unfavorable)
\$4,141,254	\$4,141,254	
10,840	10,840	
205,258	211,338	\$6,080
243,453	285,502	42,049
5,075,430	5,135,029	59,599
280,303	337,212	56,909
9,956,538	10,121,175	164,637
4,732,950	4,732,950	
918,637	918,637	
205,563	205,563	
32,978	32,978	
278,672	278,672	
456,498	456,498	
25,760	25,760	
833,723	833,723	
263,269	262,906	363
210	210	
1,052,571	1,052,571	
485,722	485,722	
17,068 190,841	17,068 190,841	
373,192	373,192	
206,571	206,571	
185,000	135,000	50,000
66,339	66,326	13
10,325,564	10,275,188	50,376
(369,026)	(154,013)	215,013
	. ==.	
1,751	1,751	
118,000 (118,000)	118,000 (118,000)	
2,259	2,259	
(30,000)	(30,000)	
550	550	
(25,440)	(25,440)	
(394,466)	(179,453)	215,013
3,071,757	3,071,757	
467,217	467,217	
\$3,144,508	\$3,359,521	\$215,013

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY PROPRIETARY FUND TYPES FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Types		
	Enterprise	Internal Service	Total (Memorandum Only)
Operating revenues:			
Tuition and fees	\$47,594		\$47,594
Sales/charges for services	387,750	\$140,401	528,151
Total operating revenues	435,344	140,401	575,745
Operating expenses:			
Personal services	209,928	15,435	225,363
Contract services	3,525	•	3,525
Materials and supplies	302,444		302,444
Depreciation	7,897		7,897
Other	70		70
Claims expense		161,910	161,910
Total operating expenses	523,864	177,345	701,209
Operating loss	(88,520)	(36,944)	(125,464)
Nonoperating revenues:			
Operating grants	67,218		67,218
Federal commodities	42,833		42,833
Interest revenue	968		968
Gain on sale of assets	169		169
Total nonoperating revenues	111,188		111,188
Net income (loss)	22,668	(36,944)	(14,276)
Retained earnings, July 1	279,224	149,551	428,775
Retained earnings, June 30	301,892	112,607	414,499
Contributed Capital Beginning and End of Year	52,546		52,546
Total Fund Equity End of Year	\$354,438	\$112,607	\$467,045

COMBINED STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPES FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Types		Total
	Enterprise	Internal Service	Total (Memorandum Only)
Cash flows from operating activities: Cash received from tuition and fees	\$45,451		\$45,451
Cash received from sales/service charges	389,917	\$139,504	529,421
Cash payments for personal services	(206,456)	(15,170)	(221,626)
Cash payments for contract services	(3,525)		(3,525)
Cash payments supplies and materials	(251,559)	(400 700)	(251,559)
Cash payments for claims expenses Cash payments for other expenses	(70)	(163,722)	(163,722) (70)
Net cash used in operating activities	(26,242)	(39,388)	(65,630)
Net cash used in operating activities	(20,242)	(39,366)	(05,030)
Cash flows from noncapital financing activities:			
Cash received from operating grants Cash received from interfund loans	58,455	10.000	58,455
Cash payments used in repayment of interfund loans	20,000	10,000 (2,259)	30,000 (2,259)
Net cash provided by noncapital financing activities	78,455	7,741	86,196
		<u> </u>	
Cash flows from capital and related financing activities: Acquisition of capital assets	(3,659)		(3,659)
Cash flows from investing activities:			
Interest received	968		968
Net increase (decrease) in cash and cash equivalents	49,522	(31,647)	17,875
Cash and cash equivalents at beginning of year	313,425	160,208	473,633
Cash and cash equivalents at end of year	\$362,947	\$128,561	<u>\$491,508</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	(\$88,520)	(\$36,944)	(\$125,464)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	7,897		7,897
Federal donated commodities	42,833		42,833
Changes in assets and liabilities:	(454)		(454)
Increase in supplies inventory (Increase)Decrease in accounts receivable	(451) 24	(897)	(451) (873)
Decrease in prepayments	686	(001)	686
Increase in accounts payable	8,003		8,003
Increase(Decrease) in accrued wages & benefits	407	(1)	406
Increase in compensated absences payable	4,155		4,155
Increase(Decrease) in pension obligation payable	(1,776)	266	(1,510)
Decrease in claims payable Increase in deferred revenue	500	(1,812)	(1,812) 500
Net cash used in operating activities	(\$26,242)	(\$39,388)	(\$65,630)

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NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30. 1999

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Ottawa-Glandorf Local School District (the District) is located in Putnam County, including all of the Villages of Ottawa and Glandorf, and portions of surrounding townships. The District serves an area of approximately 66 square miles.

The District was organized in 1962, in accordance with Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District currently operates 2 elementary schools and 1 comprehensive high school. The District employs 75 non-certified and 115 certified (including administrative) full-time and part-time employees to provide services to approximately 1,909 students in grades K through 12 and various community groups, which ranks it 295th out of approximately 612 school districts in Ohio.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, <u>The Financial Reporting Entity</u>, effective for financial statements for periods beginning after December 15, 1992. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

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, Hancock, Paulding, Putnam, and Van Wert counties, and the cities of St. Marys and Wapakoneta. 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 governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Michael Wildermuth, who serves as director, at 645 South Main Street, Lima, Ohio 45804.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

Blanchard Valley Cooperative Vocational Career Center

The Blanchard Valley Cooperative Vocational Career Center is a distinct political subdivision of the State of Ohio established under Section 3313.90. The Career Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City School District. The Putnam and Hancock Counties Educational Service Centers serve in an ex-officio capacity for all meetings. To obtain financial information write to the Findlay City School District, Pamela Barber, who serves as treasurer, at 227 South West Street, Findlay, Ohio 45840-3377.

The District also participates in two insurance group purchasing pools, described in Note 12.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category is divided into separate fund types.

1. Governmental Funds

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

<u>General Fund</u> - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

<u>Special Revenue Funds</u> - 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 expenditures for specified purposes.

<u>Debt Service Fund</u> - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

<u>Capital Projects Funds</u> - 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 and Trust Funds).

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

2. Proprietary Funds

Proprietary Funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's Proprietary Fund Types.

<u>Enterprise</u> Funds - Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the 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 (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

<u>Internal Service Funds</u> - The Internal Service Fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District, or to other governmental units, on a cost-reimbursement basis.

3. Fiduciary Funds

<u>Trust and Agency Funds</u> - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust and Agency Funds. Agency Funds are presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual.

4. Account Groups

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

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

<u>General Long-Term Obligations Account Group</u> - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the Proprietary Funds.

C. Measurement Focus/Basis of Accounting

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

All Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary Fund Type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 1999 and which are intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 1999, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

The District reports deferred revenue 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. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities 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.

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 1999 is as follows.

1. Prior to January 15 of the preceding year, 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.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

- 2. By no later than January 20, the Board-adopted budget is filed with the Putnam County Budget Commission for tax rate determination.
- 3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer.
- 4. By July 1, 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. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
- 5. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.
- 6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.
- 7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 1999 in the following amounts:

	Increase	Decrease
General	\$561,320	
Special Revenue	43,993	(\$23,183)
Debt Service	50,000	
Capital Projects	60,837	
Enterprise	12,500	
Internal Service	27,700	
Expendable Trust	5,000	
Totals	\$761,350	(\$23,183)

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

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

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis (Exhibit 1) and as the equivalent of expenditures on a non-GAAP budgetary basis (Exhibit 3) in order to demonstrate legal compliance. Note 17 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Proprietary funds are disclosed in Note 14.

9. The Eisenhower and Drug Free special revenue funds are flow through grants in which the Putnam County Educational Service Center is the primary recipient. Budgetary information for these funds is not included within the School District's reporting entity for which the "appropriated budget" is adopted, and the School District does not maintain separate budgetary records.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" (both unrestricted and restricted) on the combined balance sheet.

During fiscal 1999, investments were limited to certificates of deposit and federal agency securities.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost. The fair value of investments decreased by \$10,292 in fiscal year 1999.

Under existing Ohio statutes all investment earnings are assigned to the General fund except for those specifically related to the Auxiliary Services Fund, Education Foundation fund and Food Service fund. The following funds were credited with more interest revenue than would have been received based upon their share of the District's investments:

		Interest	Interest
	Interest	Based Upon	Assigned
	Actually	Share of	From Other
	Received	Investments	Funds
General	\$137,555	\$77,002	\$60,553
Special Revenue Funds:			
Auxiliary services	1,813	1,141	672

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of six 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 six months are reported as investments.

F. Inventory

Inventories for all Governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period-end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of Proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Prepaids

Prepayments for Governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period-end, because prepayments are not available to finance future Governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$100 and a useful life of less than five years. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Assets Account Group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over an estimated useful life of five to forty years.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

I. Intergovernmental Revenues

In Governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary fund operations are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program State Property Tax Relief School Bus Purchases

Debt Service Funds

State Property Tax Relief

Capital Projects Funds

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services

Professional Development Block Grant

Early Childhood Education

Educational Management Information Systems

Public School Preschool

Title VI-B

Title I

Title VI

Preschool for the Handicapped

Instructional Materials Subsidy

Capital Project Funds

School Net

Interactive Video Distance Learning

Reimbursable Grants

General Fund

Driver Education

Vocational Education Travel/Salary

Proprietary

National School Lunch Program National School Milk Program

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

Grants and entitlements amounted to over 52% of the District's operating revenue during the 1999 fiscal year.

J. Interfund Transactions

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

- 1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.
- 2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
- 3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
- 4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
- 5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
- 6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 1999 is presented in Note 6.

K. Contributed Capital

Contributed capital reported in the Enterprise funds represents resources provided from other funds, other governments, and private sources that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. Contributed capital did not change during fiscal year 1999.

L. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

In accordance with the provisions of GASB Statement No. 16, <u>Accounting for Compensated Absences</u>, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off <u>or</u> other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least ten (10) years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

M. Long-Term Obligations

For long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a Governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Long-term liabilities expected to be financed from Proprietary fund operations are accounted for in those funds.

N. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, debt service, prepaids, tax revenue unavailable for appropriation, loans, and budget stabilization. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

Additionally, a portion of the General Fund balance has been designated for budget stabilization, this amount represents the amount set aside in excess of the amounts required to be set aside by State statute. The Special Revenue Funds' balance has been designated for long-term termination benefits. However, cash in the General and Special Revenue funds has not been restricted, and the Board of Education may, at a future date, reappropriate this money for other purposes.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

O. Statutory Reserves

The School District is required by State statue 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. For fiscal year 1999, the set-aside percentage requirement was 2% of the previous fiscal year qualifying General Fund revenue. Amounts not spent by year-end and offset by similar restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purpose in future years.

The School District is also required to set aside money for budget stabilization. For fiscal year 1999, the set-aside percentage requirement was 1% of the previous fiscal year qualifying General Fund revenue.

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 statue.

	Textbooks	Capital Acquisition	Budget Stabilization
Set-aside Cash Balance as of			
June 30, 1998			\$31,425
Current Year Set-aside Requirement	\$141,995	\$141,995	
Current Year Deposits			614
Current Year Offsets	(41,986)	(138,906)	
Qualifying Disbursements	(100,009)	(3,089)	
Cash Balance as of June 30, 1999			\$32,039

Amounts of qualifying expenditures 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 qualifying expenditures during the year, by rule, these amounts may not be used to reduce the set aside requirements of future years and are therefor not presented.

A schedule of the restricted assets at June 30, 1999 follows:

Amount restricted for budget stabilization \$32,039

P. Statement of Cash Flows

In September 1989, the GASB issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. For purposes of GASB Statement No. 9, "cash and cash equivalents" refers to cash only. The District has presented, in Exhibit 5, a statement of cash flows for its Proprietary funds.

Q. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

<u>That Use Proprietary Fund Accounting.</u> The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

R. Parochial Schools

Within the District boundaries, Sts. Peter and Paul Elementary School is operated by the Toledo Catholic Diocese. Current state legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The receipt and expenditure of these state monies by the District is reflected in a Special Revenue fund for financial reporting purposes.

S. Restricted Assets

Restricted assets in the General Fund represents cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set aside to create a reserve for budget stabilization.

T. Estimates

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

U. Memorandum Only - Total Columns

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

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

In 1999, the District implemented GASB Statement No. 32, <u>Accounting and Financial Reporting For Internal Revenue Code Section 457 Deferred Compensation Plans</u>. Recent changes in the Internal Revenue Code require that deferred compensation plan assets be placed in trust for the exclusive benefit of employees and their beneficiaries by no later than January 1, 1999. Statement 32 provides that, upon the transfer of deferred compensation assets to such a trust, the employer is no longer considered the owner of the amounts deferred by employees under the deferred compensation plan. During 1999, the Ohio Public Employees Deferred Compensation Plan placed assets in trusts to comply with the above requirements, and accordingly, plan assets which totaled \$45,293 as of June 30, 1999 have been excluded from the District's financial statements.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

B. Restatement of Prior Period Retained Earnings

In prior years, the School District omitted the fixed assets of the preschool program from the balance sheet of the Enterprise Funds. These assets have been added to those of the Enterprise Fund as of July 1, 1998. The effect of this change on the net income as previously reported for the fiscal year ended June 30, 1998, is as follows:

	<u>Enterprise</u>
Net Income as previously reported	\$29,573
Restatement for preschool fixed assets	(1,167)
Restated amounts for the fiscal year	
ended June 30, 1998	\$28,406

The change in reporting the preschool fixed assets had the following effects on retained earnings as it was previously reported as of June 30, 1998.

	Enterprise
Fund Balance as previously reported	\$272,191
Restatement of preschool fixed assets	7,033
Restatement July 1, 1998	\$279,224

B. Deficit Balances/Retained Earnings

Fund balances/retained earnings at June 30, 1999 included the following individual fund deficits:

	Deficit Fund Balance/ Retained Earnings
Special Revenue Fund	
EHA Preschool Grants for the Handicapped	(\$409)
Instructional Materials Subsidy	(7)
Enterprise Fund	
Uniform School Supplies	(6,180)

These GAAP Basis deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

C. Compliance

1. There were 18 instances, throughout fiscal year 1999, for which disbursements were made that resulted in deficit cash balances ranging from \$2 to \$54,415, in the Bond Retirement Fund, Health Insurance Fund and Title I Fund.

Expenditure exceeded appropriations at the legal level of control in 19 percent of the District's appropriation accounts as of December 31, 1998. In addition, at year end expenditures exceeded appropriations in the following funds by the following amounts:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

	Excess of
	Expenditures over
Fund	Appropriations
Capital Projects Fund	\$101,151
Uniform School Supplies Fund	11,607
Prescription Drug Fund	11,692

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

Protection of the 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.

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

- United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
- 2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- 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;

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At year end, the District had \$375 in undeposited cash on hand which is included on the Balance Sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

Cash with Fiscal Agent: At year end, \$12,890 was on deposit with the District's fiscal agent for pass-through grants and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

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

Deposits: At year-end the carrying amount of the District's deposits was \$2,964,911 and the bank balance was \$3,090,655. Of the bank balance:

- 1. \$301,513 was covered by federal deposit insurance; and
- 2. \$2,789,142 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

	Category 3	Fair Value
U.S. Government Securities	\$1,488,450	\$1,488,450

The classification of cash and cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, <u>Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.</u>

A reconciliation between the classifications of cash and cash equivalents and investments per GASB Statement No. 9 on the combined balance sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and	
	Cash	
	Equivalents	Investments
GASB Statement No. 9	\$4,466,626	
Investments of the Cash Management Pool:		
U.S. Government Securities	(1,488,450)	1,488,450
Cash on Hand	(375)	
Cash with Fiscal Agent	(12,890)	
GASB Statement No. 3	\$2,964,911	\$1,488,450

5. INTERFUND TRANSACTIONS

A. Interfund Loans Payable/Receivable

Interfund balances at June 30, 1999, consist of the following individual interfund loans receivable and/or payable:

	Interfund Loans	Interfund Loans
	Receivable	(Payable)
General Fund	\$30,000	
Enterprise Funds:		
Uniform School Supplies		(\$20,000)
Internal Service Fund:		
Employee Benefits Self-Insurance		(10,000)
Total Interfund Loans	\$30,000	(\$30,000)

B. The following is a reconciliation of the District's operating transfers for fiscal year 1999:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

Fund	Transfers In	Transfers (Out)
General Fund		(\$118,000)
Special Revenue Funds:		
Termination Benefits Fund	\$100,000	
District Managed Activity Fund	18,000	
Total	\$118,000	(\$118,000)

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 1998 taxes were collected was \$137,046,968. Agricultural/Residential and public utility real estate represented 60.45% or \$82,847,740 of this total; Commercial & Industrial real estate represented 14.15% or \$19,385,790; public utility tangible 5.35% or \$7,333,750 and general tangible property 20.05% or \$27,479,688. The voted general tax rate for operations at the fiscal year ended June 30, 1998 was \$19.50 per \$1,000.00 of assessed valuation; the voted rate for debt service was \$.80 per \$1,000.00 of assessed valuation; and the voted rate for permanent improvements was \$1.50 per \$1,000.00 of assessed valuation.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

The Putnam County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, 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, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

7. INCOME TAX

The District levies a voted tax of one-half percent for general obligations on the income of residents and of estates. The tax was effective January 1, 1993, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General fund. Taxes receivable reported on the Combined Balance Sheet includes \$292,222 in income tax receivable.

8. RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts, interest, loans and intergovernmental grants and entitlements (to the extent such grants and/or entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of State programs.

A summary of the principal items of receivables follows:

	Amounts
General Fund Taxes - Current and Delinquent Accrued Interest Accounts	\$3,527,601 34,908 10
<u>Debt Service Fund</u> Taxes - Current and Delinquent	255,813
Capital Projects Fund Taxes - Current and Delinquent	152,181
Expendable Trust Fund Loans	28,095
Internal Service Fund Accounts	7,525
Enterprise Fund Due From Other Governments Accounts	8,763 86

9. NOTES RECEIVABLE

The Hermiller-Lytle Scholarship Fund was established in 1974 through a will. Qualified students may borrow up to \$1,900 to pay for the costs of higher education. Repayments begin six months after termination of college attendance. Also at that time, the principal begins accruing interest at a rate of three percent per annum. At the close of fiscal year 1999, there were 46 loans outstanding, with a total principal balance of \$28,095.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

10. FIXED ASSETS

The following changes occurred in the General Fixed Assets Account Group during the year:

	Balance at 7/1/98	Additions	Deletions	Balance at 6/30/99
Land/Improvements	\$383,430	\$113,878		\$497,308
Buildings	4,843,395	110,678	\$983	4,953,090
Furniture/Equipment	2,225,207	394,183	64,389	2,555,001
Vehicles	971,304			971,304
Total General Fixed Assets	\$8,423,336	\$618,739	\$65,372	\$8,976,703

A summary of the Proprietary fixed assets at June 30, 1999 follows:

Furniture and Equipment	\$163,000
Less: Accumulated Depreciation	98,969
Net Fixed Assets	\$64,031

11. LONG-TERM OBLIGATIONS

All current general obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these bonds are recorded as expenditures in the Debt Service fund. The source of payment is derived from a current .80 mill bonded debt tax levy.

Energy conservation notes and the asbestos removal loan outstanding are general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these obligations are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these obligations are recorded as expenditures in the Debt Service fund; however, unlike general obligation bonds, Ohio statute allows for the issuance of energy conservation notes without voter approval, and the subsequent repayment of the notes from operating revenues. The asbestos removal loan is interest-free, providing repayment remains current.

A. The following is a description of the District's bonds and notes outstanding as of June 30, 1999:

Purpose	Interest Rates	Issue Date	Maturity Date	Balance at 7/1/98	Retired in Fiscal 1999	Balance at 6/30/99
Construction Bonds	7.5%	7/01/86	12/01/10	\$650,000	\$50,000	\$600,000
Asbestos Removal Loan Energy Conservation	None	5/31/94	5/31/07	18,015	2,000	16,015
Notes	4.0%	7/01/92	7/01/02	373,500	83,000	290,500
				\$1,041,515	\$135,000	\$906,515

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

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

Year Ending June 30	Principal	incipal Interest	
2000	\$135,000	\$58,021	\$193,021
2001	135,000	49,716	184,716
2002	135,000	41,348	176,348
2003	93,500	33,012	126,512
2004	52,000	28,125	80,125
Thereafter	356,015	91,875	447,890
Total	\$906,515	\$302,097	\$1,208,612

C. During the year ended June 30, 1999, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and the pension obligation will be paid from the fund from which the employee is paid.

	Balance at 7/1/98	Increase	Decrease	Balance at 6/30/99
Compensated Absences	\$765,321	\$49,927		\$815,248
Asbestos Removal Loan	18,015		\$2,000	16,015
General Obligation Bonds	650,000		50,000	600,000
Pension Obligation	45,016	43,500	45,016	43,500
Energy Conservation Notes	373,500		83,000	290,500
Total	<u>\$1,851,852</u>	\$93,427	\$180,016	\$1,765,263

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of a school district shall never exceed 9% of the total assessed valuation of the district. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the district. The effects of these debt limitations for the District at June 30, 1999 are a voted debt margin of \$11,939,724 (including available funds of \$221,512) and an unvoted debt margin of \$117,032.

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disaster. During fiscal year 1999, the School District contracted with Indiana Insurance for property insurance and fleet insurance and with Nationwide Insurance for liability insurance.

Coverages provided by Indiana Insurance are as follows:

	<u>Deductible</u>	<u>Coverage</u>
Building and Contents - Replacement cost	\$1,000	\$15,409,254
Earthquake Coverage	5%	5,000,000
Boiler and Machinery - Limit per accident	1,000	15,374,954
Musical Instruments	25	149,070

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

Audio and Visual Equipment and Computers	25	112,279
Sign Floater	250	13,300
Miscellaneous Scheduled Property	100	41,641
Automobile Liability	0	1,000,000
Vehicle Collision	250	
Umbrella Liability		5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years.

The District participates in the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Program (the "Plan"), an insurance purchasing pool. The Plan 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement. The GRP'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 GRP to cover the costs of administering the program.

The District joined together with school districts and other entities to form the Putnam County Schools Insurance Group (PCSIG), a public entity risk pool currently operating as a common risk management and insurance program for 11 member entities. The District pays its monthly premiums to the PCSIG 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 insurance group is governed by an advisory committee consisting of each member's superintendent or designee and a teacher from each participating school district. Financial information can be obtained from Barbara Schroeder, who serves as treasurer, at P.O. Box 190, Ottawa, Ohio 45875.

The PCSIG provides employee health care benefits to all participants under a contingent premium policy. Under the policy, the provider pays claims up to 90 percent of the fully insured rate and the PCSIG reimburses the provider for claims up to 105 percent of the fully insured rate. Any claims in excess of the 105 percent are covered under a stop loss policy.

The School District provides prescription drug insurance benefits to employees through a self-insurance program. The premiums and related expenses are accounted for in the Health Insurance Internal Service Fund. All claims are paid by the School District with the request for reimbursement submitted by the employee on behalf of the School District. The School District has no stop loss insurance and has not set a maximum amount payable per beneficiary. However, the School District's liability is limited to the employees unpaid deductible and maximum out of pocket expense.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

The liability for unpaid claims costs of \$13,015 reported in the Health Insurance Internal Service Fund at June 30, 1999 is based on a case by case review of all the claims paid after the balance sheet date. Changes in claims activity for the current and past four fiscal years are as follows:

Fiscal	Beginning	Current Year	Claims	Balance at
Year	of Year	Claims	<u>Payments</u>	End of Year
1995	\$2,696	\$9,310	\$4,056	\$7,950
1996	7,950	18,079	19,972	6,057
1997	6,057	118,172	112,942	11,287
1998	11,287	123,564	120,024	14,827
1999	14,827	161,910	163,722	13,015

13. SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains four Enterprise funds to account for the operations of Food Services, Uniform School Supplies, Adult Education, and Preschool/Latchkey. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 1999.

		Uniform			
	Food	School	Adult	Preschool/	
	Services	Supplies	Education	Latchkey	Total
Operating Revenue	\$350,813	\$36,098		\$48,433	\$435,344
Depreciation	6,369			1,528	7,897
Operation Income (Loss)	(114,558)	(17,397)		43,435	(88,520)
Operating Grants	67,218				67,218
Net Income (Loss)	(3,370)	(17,397)		43,435	22,668
Net Working Capital	38,558	(6,180)	\$402	276,015	308,795
Total Assets	129,061	24,090	402	288,957	442,510
Long-term Liabilities Payable					
from Fund Revenues	18,388				18,388
Contributed Capital	52,546				52,546
Total Fund Equity	73,746	(6,180)	402	286,470	354,438
Encumbrances at 6/30/99	596	17,228			17,824

14. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 1999; 7.7 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$192,647, \$185,835, and \$144,588, respectively; 62 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$73,536, which presents 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 District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$643,935, \$598,151, and \$544,064, respectively; 84 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$104,970, which represents the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

15. POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of 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. The board currently allocates employer contributions equal to 8 percent of covered payroll, an increase from 3.5 percent for fiscal year 1998, to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$367,963 during the 1999 fiscal year.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 billion at June 30, 1999. As of June 30, 1999, eligible benefit recipients totaled 98,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000.

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

For this fiscal year, employer contributions to fund health care benefits were 6.3 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. 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. Expenses 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. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$86,691 during the 1999 fiscal year.

16. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the Governmental funds are as follows:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

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

201011	iiiioiitai i aiia	1) 000		
		Special	Debt	Capital
	General	Revenue	Service	Projects
Budget Basis	(\$105,949)	\$207,894	\$13,067	(\$294,465)
Net adjustment for revenue accruals	78,275	18,204	1,718	3,831
Net adjustment for expenditure accruals	(129,574)	(5,257)		(34,004)
Net adjustment for other financing				
sources/(uses)	25,990			
Adjustment for encumbrances	268,707	55,739		249,219
GAAP Basis	\$137,449	\$276,580	\$14,785	(\$75,419)

17. CONTINGENT LIABILITIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 1999.

B. Litigation

As of the balance sheet date, the District is involved in no litigation either as a plaintiff or defendant.

C. School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the Educational Service Center. During the fiscal year ended June 30, 2000, the District received \$4,463,524 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 Court's majority recognized efforts by the Ohio General

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS JUNE 30, 1999 (Continued)

Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

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

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SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES FOR THE YEAR ENDED JUNE 30, 1999

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number
UNITED STATES DEPARTMENT OF AGRICULTURE Passed Through Ohio Department of Education:		
Nutrition Cluster: Food Distribution Program National School Lunch Program	- -	10.550 10.555
Total Department of Agriculture - Nutrition Cluster		
UNITED STATES DEPARTMENT OF EDUCATION Passed Through Ohio Department of Education:		
Title I Grants to Local Educational Agencies	49379-C1-S1-98 49379-C1-S1-98C 49379-C1-S1-99	84.010 84.010 84.010
Total Title I Grants	49379-01-31-99	64.010
Special Education Cluster: Special Education - Grants to States Total Special Education - Grants to States	49379-6B-SF-98 49379-6B-SF-99	84.027 84.027
Special Education - Preschool Grants	49379-PG-S1-98	84.173
Total - Special Education - Preschool Grants Total Special Education Cluster	49379-PG-S1-99	84.173
Innovative Educational Program Strategies	49379-C2-S1-99	84.298
Technology Literacy Challenge Fund	49379-TF-31-99	84.318
Goals 2000	49379-G2-S2-99	84.276

Total Department of Education

Totals

Cash Receipts	Non-cash Receipts	Cash Disbursements	Non-cash Disbursements
\$56,474	\$43,333	\$56,474	\$42,833
56,474	43,333	56,474	42,833
	40,000	00,474	42,000
		14,364	
		7,637	
94,691		81,753	
94,691		103,754	
		16,617	
73,932		64,861	
73,932		81,478	
		956	
9,126		9,126	
9,126		10,082	
83,058		91,560	
8,139		6,979	
150,000			
5,000			
340,888		202,293	
\$397,362	\$43,333	\$258,767	\$42,833

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES FOR THE FISCAL YEAR ENDED JUNE 30. 1999

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

NOTE C - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



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

Ottawa-Glandorf Local School District Putnam County 360 North Locust Street Ottawa, Ohio 45875-1432

To the Board of Education:

We have audited the financial statements of Ottawa-Glandorf 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 12, 2000, in which we disclosed that the District changed its method of accounting for deferred compensation programs. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-10269-001 and 1999-10269-002. We also noted certain immaterial instances of noncompliance which we have reported to the management of the District in a separate letter dated December 12, 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 the management of the District in a separate letter dated December 12, 2000.

Ottawa-Glandorf 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, the Board of Education, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro Auditor of State

December 12, 2000



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

Ottawa-Glandorf Local School District Putnam County 360 North Locust Street Ottawa, Ohio 45875-1432

To the Board of Education:

Compliance

We have audited the compliance of Ottawa-Glandorf Local School District, Putnam County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

As described in item 1999-10269-003 in the accompanying schedule of findings, the District did not comply with requirements regarding reporting that are applicable to the Nutrition Cluster and Title I Grants to Local Educational Agencies program. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Ottawa-Glandorf Local School District, Putnam County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Ottawa-Glandorf Local School District
Putnam County
Report of Independent Accountants on Compliance with Requirements
Applicable to the Major Federal Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 2

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance, that does not require inclusion in this report, that we have reported to the management of the District in a separate letter dated December 12, 2000.

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

Jim Petro Auditor of State

December 12, 2000

SCHEDULE OF FINDINGS OMB CIRCULAR A -133 § .505 JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under §.510?	Yes
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster:
		Food Distribution Program - CFDA #'10.550
		National School Lunch Program - CFDA #10.555
		Title I Grants to Local Education Agencies -CFDA # 84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

Ottawa-Glandorf Local School District Putnam County Schedule of Findings Page 2

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

FINDING NUMBER 1999-10269-001

Noncompliance Citation

Ohio Revised Code § 5705.10 states that money paid into any fund shall be used only for the purposes for which such fund was established.

The existence of a deficit balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund or funds carrying the deficit balance. There were 18 instances, throughout fiscal year 1999, for which disbursements were made that resulted in deficit balances ranging from \$2 to \$54,415, in the Bond Retirement Fund, Health Insurance Fund and Title I Fund.

To improve controls over individual fund activity we recommend that the Treasurer and that the Board of Education periodically review the activity in each account to ensure that sufficient balances are maintained to pay obligations of the fund and if necessary transfer or advance funds to cover any anticipated shortages.

FINDING NUMBER 1999-10269-002

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter.

Expenditure exceeded appropriations at the legal level of control in 19 percent of the District's appropriation accounts as of December 31, 1998. In addition, at year end expenditures exceeded appropriations in the following funds by the following amounts

	Excess of
	Expenditures
	Over
Fund	Appropriations
Capital Projects Fund	\$101,151
Uniform School Supplies Fund	11,607
Prescription Drug Fund	11,692

The Treasurer should not issue purchase orders for expenditures that would exceed appropriations. The Treasurer should inform the Board of the insufficiency of appropriations, and whether current resources permit an increase to appropriations. The Board should determine if they wish to increase appropriations and if needed, obtain an amended certificate of estimated resources.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 1999-10269-003

CFDA Title and Numbers	Nutrition Cluster, CFDA # 10.550 and 10.555 Title I Grants to Local Education Agencies, CFDA # 84.010
Federal Award Number/Year	Nutrition Cluster/FYE 6/30/99 49379-C1-S1-98/FYE 6/30/99 49379-C1-S1-98C/FYE 6/30/99 49379-C1-S1-99/FYE 6/30/99
Federal Agency	United States Department of Agriculture United States Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation

OMB Circular A-133 paragraph 300 (a) and (e), states:

The auditee shall:

- (c) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program award and identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal Agency, and name of the pass-through entity.
- (d) Ensure that audits required by this part are properly performed and submitted when due. OMB Circular A-133 paragraph 320 (a) requires the audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditors report or, for fiscal year 1999, nine months after the end of the audit period.

The District expended \$301,600 of federal assistance, during fiscal year 1999 and was therefore required to submit an audit report within nine months of the fiscal year end, however, the District did not request a single audit for fiscal year 1999.

Failure to comply with OMB Circular A-133 may result in a loss of Federal funding, which would severely restrict the District's ability to provide the current level of services. We recommend that the District review total Federal funding at the end of each fiscal year and request a single audit when total Federal expenditures exceed \$300,000.

SCHEDULE OF PRIOR AUDIT FINDINGS OMB CIRCULAR A -133 § .315 (b) JUNE 30, 1999

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> :
1998-10269-001	ORC § 5705.41(D) Improper certification of funds	No	Improvement was made in Fiscal Year 1999, reducing this to a management letter citation.
1998-10269-002	ORC § 5705.41(B) expenditures in excess of appropriations	No	This finding has been repeated in this report, with no improvement noted.
1998-10269-003	ORC § 5705.39 appropriations in excess of estimated resources.	No	Improvement was made in Fiscal Year 1999, reducing this to a management letter citation.
1998-10269-004	ORC § 5705.10 deficit fund cash balances.	No	This finding has been repeated in this report, with no improvement noted.
1998-10269-005	ORC § 5705.38 improper approval of appropriations	No	Improvement was made in Fiscal Year 1999, reducing this to a management letter citation.



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OTTAWA-GLANDORF 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.

CLERK OF THE BUREAU

Susan Babbitt

CERTIFIED
JANUARY 16, 2001