



**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Jennings Local School District
Putnam County
655 North Water Street
PO Box 98
Fort Jennings, Ohio 45844-0098

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Jennings Local School District (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Jennings Local School District, Putnam County, as of June 30, 2000, and the results of its operations and the cash flows of its enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

December 20, 2001

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**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

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

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$665,461	\$106,120	\$2,251	\$56,464
Cash and Cash Equivalents:				
With Fiscal Agents		1,777	296	
Receivables:				
Property and Other Local Taxes	606,474			30,550
Accounts	276	497		
Intergovernmental	750			
Accrued Interest	1,631			
Interfund Receivable	856			
Inventory Held for Resale				
Prepaid Items	17,084			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	59,967			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	\$1,352,499	\$108,394	\$2,547	\$87,014

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$71,699	\$25,614			\$927,609
				2,073
				637,024
45	21			839
				750
				1,631
				856
2,384				2,384
68				17,152
				59,967
21,012		\$2,518,622		2,539,634
			\$2,251	2,251
			209,552	209,552
\$95,208	\$25,635	\$2,518,622	\$211,803	\$4,401,722

(Continued)

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Combined Balance Sheet
All Fund Types and Account Groups
As of June 30, 2000
(Continued)**

	Governmental Fund Types			
	General Fund	Special Revenue	Debt Service	Capital Projects
LIABILITIES, FUND EQUITY AND OTHER CREDITS:				
Liabilities:				
Accounts Payable	\$790			\$80
Accrued Wages and Benefits	177,016	\$2,323		
Compensated Absences Payable	2,505			
Interfund Payable				856
Intergovernmental Payable	60,557	460		
Deferred Revenue	580,295			29,222
Due to Students				
Matured Interest Payable			\$296	
Energy Conservation Loan Payable				
Total Liabilities	821,163	2,783	296	30,158
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved for Encumbrances	53,535	20,241		15,545
Reserved for Debt Service Principal			2,251	
Reserved for Property Taxes	26,179			1,328
Reserved for Textbooks and Instructional Material	23,273			
Reserved for Capital Improvements	7,145			
Reserved for Budget Stabilization	8,258			
Reserved for Bus Purchase	21,291			
Unreserved, Undesignated	391,655	85,370		39,983
Total Fund Equity and Other Credits	531,336	105,611	2,251	56,856
Total Liabilities, Fund Equity and Other Credits	\$1,352,499	\$108,394	\$2,547	\$87,014

See accompanying notes to the general-purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
				\$870
\$4,193				183,532
2,597			\$183,678	188,780
				856
6,981			10,077	78,075
1,863				611,380
	\$24,891			24,891
				296
			18,048	18,048
15,634	24,891		211,803	1,106,728
		\$2,518,622		2,518,622
79,574				79,574
				89,321
				2,251
				27,507
				23,273
				7,145
				8,258
				21,291
	744			517,752
79,574	744	2,518,622		3,294,994
\$95,208	\$25,635	\$2,518,622	\$211,803	\$4,401,722

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in
Fund Balances - All Governmental and Similar Fiduciary Fund Types
For the Year Ended June 30, 2000**

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Property and Other Local Taxes	\$600,496	
Intergovernmental	1,602,926	\$44,558
Interest	43,197	120
Tuition and Fees	36,296	
Rent	2,445	710
Extracurricular Activities		108,489
Gifts and Donations	2,320	11,203
Customer Services	130	
Miscellaneous	15,007	7,959
Total Revenues	2,302,817	173,039
Expenditures:		
Current:		
Instruction:		
Regular	1,098,097	6,220
Special	195,064	24,032
Vocational	39,727	
Adult/Continuing		678
Other	5,106	
Support services:		
Pupils	33,331	13,708
Instructional Staff	97,256	15,277
Board of Education	10,899	446
Administration	304,381	7,558
Fiscal	105,753	
Business	9,471	
Operation and Maintenance of Plant	227,253	
Pupil Transportation	55,980	485
Central	2,022	
Non-Instructional Services		31
Extracurricular activities	68,534	126,488
Capital Outlay	3,197	1,048
Debt Service:		
Debt Service - Principal	10,314	
Total Expenditures	2,266,385	195,971
Excess of Revenues Over (Under) Expenditures	36,432	(22,932)
Other Financing Sources(Uses):		
Operating Transfers In		15,654
Operating Transfers Out	(15,654)	
Total Other Financing Sources (Uses)	(15,654)	15,654
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	20,778	(7,278)
Fund Balance at Beginning of Year	510,558	112,889
Fund Balance at End of Year	\$531,336	\$105,611

See accompanying notes to the general-purpose financial statements

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
	\$30,521		\$631,017
	62,263		1,709,747
		\$17	43,334
			36,296
			3,155
			108,489
			13,523
			130
			22,966
	92,784	17	2,568,657
	21,276		1,125,593
			219,096
			39,727
			678
			5,106
			47,039
	11,101		123,634
			11,345
	89		312,028
	4,751		110,504
			9,471
	4,434		231,687
			56,465
			2,022
			31
			195,022
	118,703		122,948
			10,314
	160,354		2,622,710
	(67,570)	17	(54,053)
			15,654
			(15,654)
	(67,570)	17	(54,053)
\$2,251	124,426	727	750,851
\$2,251	\$56,856	\$744	\$696,798

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental and Similar Fiduciary Fund Types
For the Fiscal Year Ended June 30, 2000**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$586,154	\$604,717	\$18,563
Intergovernmental	1,622,746	1,603,176	(19,570)
Interest	39,003	43,230	4,227
Tuition and Fees	31,325	36,249	4,924
Rent	3,150	5,006	1,856
Extracurricular Activities			
Gifts and Donations	1,500	2,320	820
Customer Services	60	130	70
Miscellaneous	14,220	15,007	787
Total Revenue	<u>2,298,158</u>	<u>2,309,835</u>	<u>11,677</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,408,542	1,083,730	324,812
Special	302,400	206,879	95,521
Vocational Education	51,330	39,681	11,649
Other Instruction	9,000	5,106	3,894
Support Services:			
Pupils	40,725	33,248	7,477
Instructional Staff	102,190	96,229	5,961
Board of Education	27,762	20,616	7,146
Administration	333,345	307,487	25,858
Fiscal	129,560	107,068	22,492
Business	10,510	9,472	1,038
Operation and Maintenance of Plant	311,483	243,571	67,912
Pupil Transportation	100,010	61,566	38,444
Central	3,867	3,610	257
Extracurricular Activities	74,521	68,458	6,063
Capital Outlay	28,805	10,341	18,464
Debt Service:			
Principal Retirement	12,040	10,314	1,726
Total Expenditures	<u>2,946,090</u>	<u>2,307,376</u>	<u>638,714</u>
Excess of Revenue Over (Under) Expenditures	<u>(647,932)</u>	<u>2,459</u>	<u>650,391</u>
Other Financing Sources (Uses):			
Transfers-In			
Refund of Prior Year Expenditures			
Advances In	50,000	50,000	
Transfers-Out	(25,000)	(15,654)	9,346
Refund of Prior Years Receipts	(710)	(404)	306
Advances Out	(4,000)	(856)	3,144
Total Other Financing Sources (Uses)	<u>20,290</u>	<u>33,086</u>	<u>12,796</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(627,642)</u>	<u>35,545</u>	<u>663,187</u>
Fund Balances at Beginning of Year	587,781	587,781	
Prior Year Encumbrances Appropriated	47,677	47,677	
Fund Balances at End of Year	<u><u>\$7,816</u></u>	<u><u>\$671,003</u></u>	<u><u>\$663,187</u></u>

Special Revenue Fund			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$15,369	\$15,384	\$15			
120	120				
900	710	(190)			
89,988	108,257	18,269			
22,299	11,202	(11,097)			
6,752	7,948	1,196			
135,428	143,621	8,193			
6,895	5,297	1,598			
1,000	44	956			
12,793	13,176	(383)			
15,994	11,550	4,444			
461	446	15			
10,746	7,479	3,267			
216,198	153,255	62,943			
6,000	1,048	4,952			
270,087	192,295	77,792			
(134,659)	(48,674)	85,985			
15,739	15,654	(85)			
21		(21)			
			(\$2,251)		\$2,251
15,760	15,654	(106)	(2,251)		2,251
(118,899)	(33,020)	85,879	(2,251)		2,251
87,499	87,499		2,251	\$2,251	
31,400	31,400				
	\$85,879	\$85,879		\$2,251	\$2,251

(Continued)

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental and Similar Fiduciary Fund Types
For the Fiscal Year Ended June 30, 2000
(Continued)**

	Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$30,813	\$30,778	(\$35)
Intergovernmental	72,001	62,263	(9,738)
Interest			
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Customer Services			
Miscellaneous			
Total Revenue	102,814	93,041	(9,773)
Expenditures:			
Current:			
Instruction:			
Regular	35,708	22,766	12,942
Special			
Vocational Education	500		500
Other Instruction			
Support Services:			
Pupils			
Instructional Staff	35,975	16,681	19,294
Board of Education			
Administration	500	89	411
Fiscal	6,000	4,751	1,249
Business			
Operation and Maintenance of Plant	13,521	11,409	2,112
Pupil Transportation			
Central			
Extracurricular Activities			
Capital Outlay	147,369	134,122	13,247
Debt Service:			
Principal Retirement			
Total Expenditures	239,573	189,818	49,755
Excess of Revenue Over (Under) Expenditures	(136,759)	(96,777)	39,982
Other Financing Sources (Uses):			
Transfers-In			
Refund of Prior Year Expenditures			
Advances In		856	856
Transfers-Out			
Refund of Prior Years Receipts			
Advances Out	(50,000)	(50,000)	
Total Other Financing Sources (Uses)	(50,000)	(49,144)	856
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(186,759)	(145,921)	40,838
Fund Balances at Beginning of Year	42,442	42,442	
Prior Year Encumbrances Appropriated	144,317	144,317	
Fund Balances at End of Year		\$40,838	\$40,838

See accompanying notes to the general-purpose financial statements

Expendable Trust Fund			Total (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$616,967	\$635,495	\$18,528
			1,710,116	1,680,823	(29,293)
\$21	\$17	(\$4)	39,144	43,367	4,223
			31,325	36,249	4,924
			4,050	5,716	1,666
			89,988	108,257	18,269
			23,799	13,522	(10,277)
			60	130	70
			20,972	22,955	1,983
21	17	(4)	2,536,421	2,546,514	10,093
			1,451,145	1,111,793	339,352
			303,400	206,923	96,477
			51,830	39,681	12,149
			9,000	5,106	3,894
			53,518	46,424	7,094
			154,159	124,460	29,699
			28,223	21,062	7,161
			344,591	315,055	29,536
			135,560	111,819	23,741
			10,510	9,472	1,038
			325,004	254,980	70,024
			100,010	61,566	38,444
			3,867	3,610	257
748		748	291,467	221,713	69,754
			182,174	145,511	36,663
			12,040	10,314	1,726
748		748	3,456,498	2,689,489	767,009
(727)	17	744	(920,077)	(142,975)	777,102
			15,739	15,654	(85)
			21		(21)
			50,000	50,856	856
			(27,251)	(15,654)	11,597
			(710)	(404)	306
			(54,000)	(50,856)	3,144
			(16,201)	(404)	15,797
(727)	17	744	(936,278)	(143,379)	792,899
727	727		720,700	720,700	
			223,394	223,394	
			\$744	\$800,715	\$792,899
			\$744		

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Retained Earnings
Proprietary Fund Type
For the Year Ended June 30, 2000**

	Proprietary Fund Type
	Enterprise
Operating Revenues:	
Sales	\$111,320
Other Revenues	145
Total Operating Revenues	111,465
Operating Expenses:	
Salaries	37,066
Fringe Benefits	17,177
Purchased Services	862
Cost of Sales	79,184
Depreciation	3,074
Other	183
Total Operating Expenses	137,546
Operating Loss	(26,081)
Non-Operating Revenues and Expenses:	
Federal Donated Commodities	13,161
Federal and State Subsidies	15,973
Interest	1,429
Total Non-Operating Revenues and Expenses	30,563
Net Income	4,482
Retained Earnings at Beginning of Year	75,092
Retained Earnings at End of Year	\$79,574

See accompanying notes to the general-purpose financial statements

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Combined Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2000**

Proprietary
Fund Type

Enterprise

Cash Flows from Operating Activities:

Cash Received from Customers	\$111,930
Cash Payments to Suppliers for Goods and Services	(69,118)
Cash Payments to Employees for Services	(36,337)
Cash Payments for Fringe Benefits	(17,580)
Cash Payments for Other Expenses	(183)
	<hr/>
Net Cash Used by Operating Activities	(11,288)
	<hr/>

Cash Flows from Noncapital Financing Activities:

Cash Received From Operating Grants	17,915
	<hr/>

Cash Flows from Investing Activities:

Interest on Investments	1,429
	<hr/>

Net Increase in Cash and Cash Equivalents	8,056
Cash and Cash Equivalents at Beginning of Year	63,643
	<hr/>

Cash and Cash Equivalents at End of Year	<u><u>\$71,699</u></u>
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**Reconciliation of Operating Loss To
Net Cash Used by Operating Activities:**

Operating Loss	(\$26,081)
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Adjustments to Reconcile Operating Loss to
Net Cash Used by Operating Activities

Depreciation	3,074
Federal Donated Commodities	13,161
Change in Assets and Liabilities:	
Decrease in Accounts Receivable	61
Decrease in Inventory Held for Resale	1,074
(Increase) in Prepaid Items	(20)
(Decrease) in Accounts Payable	(5)
(Decrease) in Accrued Wages	(388)
(Decrease) in Compensated Absences Payable	(2,408)
Increase in Intergovernmental Payable	1,119
(Decrease) in Deferred Revenue	(875)
	<hr/>

Net Cash Used by Operating Activities	<u><u>(\$11,288)</u></u>
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See accompanying notes to the general-purpose financial statements

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**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000**

1. DESCRIPTION OF SCHOOL DISTRICT

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

The School District was established in 1856. The School District serves an area of approximately 26 square miles. It is located in Putnam County and includes the Village of Fort Jennings and portions of Jennings, Jackson and Sugar Creek Townships. The School District is the 602nd largest in the State of Ohio (among 611 School District) in terms of enrollment. It is staffed by 13 classified employees, 31 certified full-time teaching personnel, and 4 administrative employees who provide services to 468 students and other community members. The School District currently operates 1 elementary school and 1 middle/high school.

Reporting Entity

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

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

The School District is associated with four organizations which are defined as jointly governed organizations and insurance pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, the Vantage Career Center, the Putnam County School Insurance Group, and the Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program (GRP). These organizations are presented in Notes 14 and 15 to the general-purpose financial-statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Jennings Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

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

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

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

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

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

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

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

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

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

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

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

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

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

**JENNINGS LOCAL SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
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thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

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

C. Budgetary Process

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

The Eisenhower, Title VI-B Preschool, Title VI-B School Age, 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.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**JENNINGS LOCAL SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

By no later than January 20, the Board-adopted budget is filed with the Putnam County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund object level of expenditures. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total object appropriations within a fund must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation.

**JENNINGS LOCAL SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. Cash and cash equivalents held for the School District by the Putnam County Educational Service Center is included on the balance sheet as part of "cash and cash equivalent with fiscal agent".

During fiscal year 2000, investments were limited to certificates of deposit, withdrawable (NOW) accounts, money market deposit accounts, savings accounts and local phone company stock.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$43,197 which includes \$10,764 assigned from other School District funds.

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 three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

F. Inventory

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**JENNINGS LOCAL SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District capitalizes fixed assets with a minimum threshold of three hundred dollars and minimum useful life of one year. The District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

I. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase

Non-Reimbursable Grants

Special Revenue Funds

Teacher Development Grant
Education Management Information Systems
Innovative Education Program Strategies (formally Chapter 2)
School Net Professional Development
Eisenhower Grant
Title VI-B Preschool Grant
Title VI-B School Age Grant
Drug Free Grant
Safe School

**JENNINGS LOCAL SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
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Capital Projects Funds

Distance Learning Grant
School Net Plus
Emergency School Building Repair Grant
Tech Equity Grant

Reimbursable Grants

General Fund

Driver Education

Special Revenue Funds

Telecommunications Grant

Proprietary Funds

National School Lunch Program
Special Milk Program
Government Donated Commodities

Grants and entitlements amounted to approximately 67 percent of the School District's operating revenue during the 2000 fiscal year for all governmental funds.

J. Interfund Assets/Liabilities

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

K. Compensated Absences

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

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

**JENNINGS LOCAL SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Contributed Capital

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

Because the School District did not prepare financial statements in accordance with general accepted accounting principles prior to fiscal year 1994, the exact amount on contributed capital cannot be determined. Consequently, no amounts have been specifically identified as being classified as contributed capital in the accompanying combined financial statements.

N. Interfund Transactions

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, debt service, property taxes, budget stabilization, textbook purchases, capital acquisition, and school bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for

**JENNINGS LOCAL SCHOOL DISTRICT
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**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
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budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenue and expenditures.

P. 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.

Q. Total Columns on General-Purpose Financial Statements

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

3. BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Although not part of the appropriated budget, VI-B Preschool, VI-B School Age, Eisenhower and Drug Free special revenue funds are included as part of the reporting entity when preparing financial statements that conform with GAAP.

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

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For the Fiscal Year Ended June 30, 2000
(Continued)**

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$20,778	(\$7,278)	(\$67,570)
Revenue Accruals	57,018	(29,418)	1,113
Expenditure Accruals	12,074	23,917	(63,839)
Encumbrances	(54,325)	(20,241)	(15,625)
Budget Basis	<u>\$35,545</u>	<u>(\$33,020)</u>	<u>(\$145,921)</u>

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal 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;

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3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or 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 School District had \$56 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents."

At year-end, the School District had \$1,777 held by the Putnam County Educational Service Center. This amount is included on the balance sheet as "Cash with Fiscal Agent".

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$987,216 and the bank balance was \$1,039,386. Of the bank balance, \$100,000 was covered by federal depository insurance and \$939,386 was covered by securities held by the pledging financial institution's trust department in the School District's name.

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

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

The District held stock which is a Category 1 investment. As of June 30, 2000, the carrying amount and market value of the stock was \$600.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>	
GASB Statement 9	\$989,649		
Cash with Educational Service Center	(1,777)		
Cash on hand	(56)		
Investments:			
Stock	<u>(600)</u>	<u>\$600</u>	
GASB Statement 3	<u>\$987,216</u>	<u>\$600</u>	

5. PROPERTY TAXES

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

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

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

The School District receives property taxes from Putnam County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax

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**Notes to the General-Purpose Financial Statements
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payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$27,507 and is recognized as revenue, \$26,179 was available to the General and \$1,328 in the Capital Projects Fund.

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$20,714,290	88.77%	\$24,446,460	90.19%
Public Utility	1,539,100	6.60%	1,447,510	5.34%
Tangible Personal Property	1,081,110	4.63%	1,211,060	4.47%
Total Assessed Value	<u>\$23,334,500</u>	<u>100.00%</u>	<u>\$27,105,030</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$39.95		\$39.95	

6. RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (billings for user charged services, and student fees), intergovernmental and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, stable condition of state programs, and the current fiscal year guarantee of federal funds.

7. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$61,958
Less Accumulated Depreciation	<u>(40,946)</u>
Net Fixed Assets	<u>\$21,012</u>

A summary of the changes in general fixed assets during fiscal year 2000, follows:

Asset Category	Balance at At 6/30/99	Additions	Reductions	Balance at At 6/30/00
Land and Improvements	\$32,702			\$32,702
Buildings and Improvements	1,106,169	\$112,874		1,219,043
Furniture, Fixtures and Equipment	976,999	40,626	\$2,512	1,015,113
Vehicles	251,764			251,764
Total General Fixed Assets	<u>\$2,367,634</u>	<u>\$153,500</u>	<u>\$2,512</u>	<u>\$2,518,622</u>

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**Notes to the General-Purpose Financial Statements
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8. RISK MANAGEMENT

The School 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 disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance for property insurance, fleet insurance and liability insurance.

Coverages provided by Nationwide Insurance are as follows:

	<u>Deductible</u>	<u>Coverage</u>
Building and Contents -		
Replacement Cost	\$1,000	\$6,762,675
Automobile Liability		2,000,000
General Liability:		
Per occurrence		1,000,000
Total per year		3,000,000

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

The School District participates in the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool (Note 15). 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 the 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.

Effective January 1, 1992, the School District joined together with school districts and other entities to form the Putnam County Schools Insurance Group (PCSIG), a public entity risk pool (Note 15) currently operating as a common risk management and insurance program for 11 member entities.

The PCSIG provided employee health care benefits to all participants under a contingent premium policy. The School District paid 90% of its monthly premium to the designated health insurance carrier and the remaining 10% to the PCSIG.

Under the policy, the provider paid claims up to 90 percent of the fully insured rate and the PCSIG reimbursed the provider for claims up to 110 percent of the fully insured rate. Any claims in excess of the 110 percent were covered under a stop loss policy. If payment was required from the PCSIG, the money from the district 10% payments (pooled premiums) was used for the payment. If the pooled premiums were insufficient to pay the program costs for the fiscal year, the PCSIG would assess additional charges to all participants.

During fiscal year 2000, the participants all were assessed additional charges to meet the program cost of the plan. After the payment was made to the designated health insurance carrier from the PCSIG for the program costs, the balance in the pooled premium fund was zero.

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

Therefore, effective October 1, 1999, the PCSIG provides employee health care benefits to all participants under a fully insured comprehensive premium policy. The School District pays 100% of its monthly premium to the designated health insurance carrier and nothing to the PCSIG. The designated health insurance carrier, in turn, pays 100% of all claims.

9. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School 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 retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$176,496, \$164,574, and \$151,911, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$29,364, is recorded as a liability within the respective funds.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$39,287, \$37,253, and \$34,814, respectively; 50 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$19,699, is recorded as a liability within the respective funds and the general long-term obligations account group.

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

10. POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$100,855 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. 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 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$67,821 for fiscal year 2000.

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 \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

11. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 195 days. Upon

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

retirement, payment is made for 27.5% of their accrued, but unused sick leave credit to a maximum of 40 days.

The long-term balance of the liability for governmental funds is reported in the general long-term obligations account group in the amount of \$183,678. The accrual for unpaid compensated absences of \$2,597 and \$2,505 was reported in the enterprise and general funds, respectively.

B. Insurance

The School District has elected to provide employee medical/surgical benefits through Medical Mutual of Ohio for each full-time certificated and classified employee, and 75% of the premium that it pays for full time staff toward the insurance plans provided for bus drivers, cooks and half time aides. Dental insurance is provided by the School District to each full-time certificated and classified employee, and 75% of the premium that it pays for full time staff toward the insurance plans for bus drivers, cooks and half time aides that it pays for the full time staff, through Medical Mutual of Ohio. There is a \$45.00 cap on the amount the School District will pay toward dental insurance.

12. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Reductions	Principal Outstanding 6/30/00
0% Energy Conservation Loan Matures 4/1/02, Issued 4/1/97	\$28,362		\$10,314	\$18,048
Intergovernmental Payable	9,321	\$10,077	9,321	10,077
Compensated Absences	166,872	183,678	166,872	183,678
Totals	<u>\$204,555</u>	<u>\$193,755</u>	<u>\$186,507</u>	<u>\$211,803</u>

The energy conservation note was issued for five years, with final maturity during fiscal year 2002. Proceeds from the notes were used for energy conservation measures approved under House Bill 264.

Compensated absences will be paid from the fund from which the employees' salaries are paid.

Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2000, are as follows:

Year Ending June 30:	Energy Conservation Loan
2001	\$10,313
2002	7,735
Total	<u>\$18,048</u>

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

The School District's voted legal debt margin was \$2,439,453 with an unvoted debt margin of \$27,105 at June 30, 2000.

13. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of Jennings Local School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supply	Total
Operating Revenues	\$94,550	\$16,915	\$111,465
Operating Expenses Before Depreciation	117,093	17,379	134,472
Depreciation Expense	3,074		3,074
Operating Loss	(25,617)	(464)	(26,081)
Non-Operating Revenues			
Federal Donated Commodities	13,161		13,161
Operating Grants	15,973		15,973
Interest	1,429		1,429
Net Income (Loss)	4,946	(464)	4,482
Additions to Property, Plant and Equipment			
Net Working Capital	59,222	1,937	61,159
Total Assets	93,271	1,937	95,208
Long-Term Liabilities	2,597		2,597
Total Equity	77,637	1,937	79,574
Encumbrances Outstanding (Budget Basis) at June 30, 2000	1,951		1,951

14. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), a not-for-profit computer service organization. NOACSC is an association of public school districts within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Van Wert and Wood 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. The School District paid NOACSC \$2,022 for services provided during the year. Financial information can be obtained from Michael Wildermuth, who serves as director, at 645 South Main Street, Lima, Ohio 45804.

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

B. Vantage Career Center

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

15. INSURANCE POOLS

Putnam County Schools Insurance Group - The Putnam County Schools Insurance Group is a shared risk pool among nine local school districts, the Putnam County Board of MR/DD, and the Putnam County Educational Service Center. 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. The School District paid the Putnam County Schools Insurance Group \$1,862 for services provided during the year.

Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program - The School District participates in the Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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 Superintendent 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 School District paid GRP \$462 for services provided during the year.

16. CONTINGENCIES

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

17. STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 20, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

18. NON-CAPITALIZED LEASES

The Jennings Local School District enters into a yearly rental agreement with Saint Joseph's Catholic Church for the rental of the Elementary Building. In fiscal year 2000, the School District paid \$22,500 in rent for this building.

19. SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. The amount for fiscal year 2000 was 3% of previous year qualifying general fund revenue. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The School District is also required to set aside money for budget stabilization, which for fiscal year 2000 was 1% of previous year qualifying general fund revenue, if the growth in a school district's qualifying general fund revenue for fiscal year 1998 to fiscal year 1999 is 3% or more. The School District did not have a growth in qualifying revenue of 3% or more.

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

	<u>Textbooks</u>	<u>Acquisition</u>	<u>Stabilization</u>	<u>Totals</u>
Set-Aside Cash Balance as of June 30, 1999			\$7,815	\$7,815
Current Year Set-aside Requirement	\$48,752	\$48,752		97,504
Current Year Additional Deposits			443	443

**JENNINGS LOCAL SCHOOL DISTRICT
PUTNAM COUNTY**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)**

	<u>Textbooks</u>	<u>Acquisition</u>	<u>Stabilization</u>	<u>Totals</u>
Current Year Offsets		(30,779)		(30,779)
Qualifying Disbursements	(25,479)	(10,828)		(36,307)
Set-aside Cash Balance as of June 30, 2000	\$23,273	\$7,145	\$8,258	38,676
Amount restricted for bus purchases				21,291
Total Restricted Assets				\$59,967

20. OUTSTANDING CONTRACTUAL COMMITMENTS

As of June 30, 2000, the District had one outstanding contract for the installation of an elevator, in the amount of \$8,784 to be paid from the Capital Projects Fund.

21. SUBSEQUENT EVENTS

During fiscal year 2001, the District issued \$1,511,795 in contracts for a classroom facilities project.



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

Jennings Local School District
Putnam County
655 North Water Street
PO Box 98
Fort Jennings, Ohio 45844-0098

To the Board of Education:

We have audited the financial statements of Jennings Local School District (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 20, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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 a certain matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of District in a separate letter dated December 20, 2001.

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

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

Jim Petro
Auditor of State

December 20, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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JENNINGS LOCAL SCHOOL DISTRICT

PUTNAM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 15, 2002**