



**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2006**



**Auditor of State  
Betty Montgomery**





Mary Taylor, CPA  
Auditor of State

January 8, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

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**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Ottawa-Glandorf Local School District  
Putnam County  
630 Glendale Avenue  
Ottawa, Ohio 45875-1162

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa-Glandorf Local School District, Putnam County, Ohio (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

As discussed in Note 3 to the basic financial statements the District changed its method of accounting from accounting principles generally accepted in the United States of America to the modified cash basis, and reclassified its presentation of the Preschool Fund and the Private Purpose Trust Funds.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa-Glandorf Local School District, Putnam County, Ohio, as of June 30, 2006, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2006, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditure Schedule is 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 basic financial statements. We subjected the Federal Awards Receipts and Expenditure Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Betty Montgomery**  
Auditor of State

December 18, 2006

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED**

The discussion and analysis of Ottawa-Glandorf Local School District's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2006 are as follows:

- In total, net assets of governmental activities decreased \$168,185 which represents a 1.9% decrease from 2005.
- In total, net assets of business type activities increased \$7,690 which represents a 2.27% increase from 2005
- Governmental general receipts accounted for \$11,482,323 in receipts or 81.55% of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$2,598,652 or 18.45% of total receipts of \$14,080,975
- Business Type general receipts accounted for \$13,200 in receipts or 26% of all receipts. Program specific receipts in the form of charges for services and sales accounted for \$37,526 or 74% of total receipts of \$50,726.
- The District had \$14,249,160 in disbursements related to governmental activities; only \$2,598,652 of these disbursements was offset by program specific charges for services, grants or contributions. General receipts supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,482,323 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund, bond retirement fund, permanent improvement fund and building fund. The general fund had \$10,942,724 in receipts and other financing sources and \$10,889,724 in disbursements and other financing uses. During fiscal 2006, the general fund's fund balance, increased \$53,000 from \$3,648,191 to \$3,701,191.
- The bond retirement fund had \$1,050,274 in receipts and \$1,012,334 in disbursements. During fiscal 2006, the bond retirement fund's fund balance increased \$37,940 from \$388,709 to \$426,649.
- The permanent improvement fund had \$288,872 in receipts and \$199,040 in disbursements. During fiscal 2006, the permanent improvement fund's fund balance increased \$89,832 from \$1,702,015 to \$1,791,847.
- The building fund had \$80,033 in receipts and \$557,243 in disbursements. During fiscal 2006, the building fund's fund balance decreased \$477,210 from \$2,721,839 to \$2,244,629
- The District's business type preschool fund had \$50,726 in receipts and \$43,036 in disbursements. During fiscal year, the preschool fund's fund balance increased \$7,690 from \$338,377 to \$346,067.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets – Modified Cash Basis and Statement of Activities – Modified Cash Basis provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds and business type funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, the general fund, bond retirement fund, permanent improvement fund and building fund are by far the most significant funds, and the only governmental funds reported as major funds.

**Basis of Accounting**

The District has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net assets will be cash, cash equivalents and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the District's Most Significant Funds**

Fund financial statements provide detailed information about the District's major funds. The District establishes separate funds to better manage its many activities and to help demonstrate that money is restricted and how it may be used.

The funds of the District are split into two categories: governmental and business type. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, bond retirement fund, permanent improvement fund, and building fund.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

**Governmental Funds** - Most of the District activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent to finance educational programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major governmental funds are the general fund, bond retirement fund, permanent improvement fund, and building fund.

**Business Type Fund** – The Business Type fund is used to account for the preschool tuition fund of the District. This fund is accounted for separately on the entity wide statements.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the District's programs.

**The District as a Whole**

Table 1 reflects the District's net assets for 2006 on a modified cash basis. Net assets for 2005 are not presented as this is the District's first year reporting under the Other Comprehensive Basis of Accounting that utilizes a GASB 34 cash basis financial statement resemblance presentation. A comparative analysis will be provided in future years when prior year information is available.

	<b>Net Assets</b>		
	Governmental Activities 2006	Business Type Activities 2006	Total Activities 2006
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$8,836,084	\$346,067	\$9,182,151
<b>Net Assets:</b>			
Restricted for:			
Capital Projects	4,036,476		4,036,476
Debt Service	426,649		426,649
Set Asides	296,138		296,138
Other Purposes	671,768		671,768
Unrestricted	<u>3,405,053</u>	<u>346,067</u>	<u>3,751,120</u>
Total Net Assets	<u><u>\$8,836,084</u></u>	<u><u>\$346,067</u></u>	<u><u>\$9,182,151</u></u>

Over time, net assets can serve as a useful indicator of a government's financial position. At year-end, net assets were \$8,836,084 for governmental activities and \$346,067 for business type activities.

A portion of the District's net assets, \$5,431,031, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$3,751,120 may be used to meet the District's ongoing obligations to the students and creditors.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

Table 2 reflects the changes in net assets on a modified cash basis in 2006. Net assets for 2005 are not presented as this is the Districts first year reporting under the Other Comprehensive Basis of Accounting that utilizes a GASB 34 cash basis financial statement resemblance presentation. A comparative analysis will be provided in future years when prior year information is available.

	<b>Change in Net Assets</b>	
	Governmental Activities 2006	Business Type Activities 2006
	<u>2006</u>	<u>2006</u>
<b>Receipts:</b>		
Program Receipts		
Charges for Services	\$1,162,542	\$37,526
Operating Grants	1,383,610	
Capital Grants	52,500	
General Receipts		
Property Taxes	4,542,192	
Income Taxes	842,843	
Payments in lieu of Taxes	82,519	
Grants and Entitlements	5,642,847	
Proceeds from Sale of Capital Assets	552	
Interest	272,491	13,200
Miscellaneous	98,879	
Total Receipts	<u>14,080,975</u>	<u>50,726</u>
<b>Disbursements:</b>		
Instruction:		
Regular	6,162,311	43,036
Special	1,287,043	
Vocational	97,780	
Other Instruction	21,576	
Support Services:		
Pupil	447,562	
Instructional Staff	376,724	
Board of Education	48,846	
Administration	874,928	
Fiscal	310,836	
Business	1,191	
Operation and Maintenance of Plant	938,858	
Pupil Transportation	743,364	
Operation of Non-Instructional Services	285,721	
Operation of Food Services	505,552	
Extracurricular Activities	559,738	
Building Acquisition and Construction	596,701	
Interest and Fiscal Charges	990,429	
Total Disbursements	<u>14,249,160</u>	<u>43,036</u>
Change in net assets	(168,185)	7,690
Net assets at beginning of year	<u>9,004,269</u>	<u>338,377</u>
Net assets at end of year	<u><u>\$8,836,084</u></u>	<u><u>\$346,067</u></u>

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

Net assets of the District's governmental activities decreased \$168,185. Total governmental disbursements of \$14,249,160 were offset by program receipts of \$2,598,652 and general receipts of \$11,482,323. Program receipts supported 18.24% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from property taxes, income taxes and grants and entitlements. These receipt sources represent 78.32% of total governmental receipts. Real estate property is reappraised every six years.

Net assets of the District's business type activities increased \$7,690. Total business type disbursements of \$43,036 were offset by program receipts of \$37,526 and general receipts of \$13,200. Program receipts supported 87.2 % of the total business type disbursements.

**Governmental and Business Type Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements. Comparisons to 2005 have not been presented since they are not available. A comparative analysis will be provided in future years when prior information is available.

	Governmental Activities		Business Type Activities	
	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2006	Net Cost of Services 2006
Disbursements:				
Instruction:				
Regular	\$6,162,311	\$5,721,315	\$43,036	\$5,510
Special	1,287,043	716,002		
Vocational	97,780	72,631		
Other Instruction	21,576	21,576		
Support Services:				
Pupil	447,562	376,189		
Instructional Staff	376,724	327,249		
Board of Education	48,846	48,738		
Administration	874,928	738,804		
Fiscal	310,836	310,836		
Business	1,191	1,191		
Operation and Maintenance of Plant	938,858	932,482		
Pupil Transportation	743,364	668,575		
Operation of Non-Instructional Services	285,721	31,314		
Operation of Food Services	505,552	(29,676)		
Extracurricular Activities	559,738	126,152		
Building acquisition and construction	596,701	596,701		
Interest and Fiscal Charges	990,429	990,429		
<b>Total Disbursements</b>	<b>\$14,249,160</b>	<b>\$11,650,508</b>	<b>\$43,036</b>	<b>\$5,510</b>

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

The dependence upon tax and other general receipts for governmental activities is apparent, 86.30% of instruction activities are supported through taxes and other general receipts. For all governmental activities, general receipts support is 81.76%. The District's taxpayers, as a whole, are by far the primary support for District's students.

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$8,836,084, which was lower than last year's total of \$9,004,269. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	Fund Balance June 30, 2006	Restated Fund Balance June 30, 2005	Increase (Decrease)
General	\$3,701,191	\$3,648,191	\$53,000
Bond Retirement	426,649	388,709	37,940
Permanent Improvement	1,791,847	1,702,015	89,832
Building	2,244,629	2,721,839	(477,210)
Other Governmental	671,768	543,515	128,253
<b>Total</b>	<b>\$8,836,084</b>	<b>\$9,004,269</b>	<b>\$(168,185)</b>

**General Fund**

The District's general fund's fund balance increased by \$53,000. When comparing receipts and disbursements for 2006 to 2005, receipts decreased and disbursements increased.

**Bond Retirement Fund**

The District's bond retirement fund's fund balance increased by \$37,940. The increase in fund balance can be attributed to the timing of collection of property taxes and payment of debt service obligations.

**Permanent Improvement Fund**

The permanent improvement fund had \$288,872 in receipts and \$199,040 in disbursements. During fiscal 2006, the permanent improvement fund's fund balance increased \$89,832 from \$1,702,015 to \$1,791,847.

**Building Fund**

The District's building fund's fund balance decreased by \$477,210. The decrease in fund balance can be attributed to the construction of a bus barn during fiscal year 2006.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

During 2006, the District amended its General Fund budget several times. For the General Fund, final budgeted receipts and other financing sources were \$10,586,637, which is higher than the original budgeted receipts estimate of \$10,477,288. Actual receipts and other financing sources for 2006 was \$10,942,724. This represents a \$356,087 increase from final budgeted receipts.

General fund original and final budgeted appropriations (appropriated disbursements plus other financing uses) totaled \$11,224,415. The actual budget basis disbursements and other financing uses for 2005 totaled \$11,123,776, which was \$100,639 less than the final budgeted appropriations.

**Capital Assets and Debt Administration**

**Capital Assets**

The District's capital assets are not reflected in the other comprehensive basis of accounting statements, however the District does track capital assets through the State provided software program.

**Debt Administration**

At June 30, 2006, the District had \$13,405,013 in general obligation bonds and \$2,015 in asbestos removal loans outstanding. Of this total \$452,015 is due within one year and \$12,955,013 is due within greater than one year. The following table summarizes the bonds and loans outstanding.

**Outstanding Debt, at Year End**

	<u>Governmental Activities 2006</u>	<u>Governmental Activities 2005</u>
General obligation bonds:		
1986 Issue	\$250,000	\$300,000
2003 Issue	12,570,000	12,895,000
Capital Appreciation Bonds	585,013	585,013
Asbestos removal loans	2,015	4,015
Total	<u>\$13,407,028</u>	<u>\$13,784,028</u>

See Note 13 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The Ottawa-Glandorf Local School District continues to receive strong support from the residents of the District. As the preceding information shows, the District relies heavily on its local property taxpayers.

Calendar year 2005 was a reappraisal year for the District and as a result, real estate tax collections for 2006 showed a modest increase. Tangible personal property tax is being phased out beginning January 1, 2006. The tax is being phased out in equal installments of 25% a year from 2006 to 2009. Tangible personal property tax is collected concurrent with the calendar year. The last year that the District will collect the tax will be 2010. The District will receive reimbursements from the state for the first five years of the phase out. After that the reimbursements will be phased out.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
UNAUDITED  
(Continued)**

The District's income tax collections have been strong. Collections for 2006 were \$842,843. This represents a 2.59% increase over 2005. 2006 collections were the highest since the tax's inception in 1993.

The District's management will continue to be challenged to provide the resources necessary to meet student needs and stay within the budget anticipated in the five-year forecast. The five-year forecast is utilized by management to effectively and efficiently manage the District's resources. The Superintendent utilizes a Superintendent's Advisory Committee and the Treasurer has a Community Finance & Audit Committee. These committees are used to both help get information out to the community and to solicit input on the goals, program needs and current focus of the District. Both of these committees are made up of District residents with a wide variety of backgrounds. These committees have proven instrumental in both reviewing where the District is currently and in planning for the future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mrs. Michelle Ellerbrock, Interim-Treasurer, Ottawa-Glandorf Local School District, 630 Glendale Avenue, Ottawa, Ohio 45875-1162.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**Statement of Net Assets - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2006**

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,228,930	\$346,067	\$7,574,997
Investments	1,607,154		
<i>Total Assets</i>	<u>\$8,836,084</u>	<u>\$346,067</u>	<u>\$9,182,151</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	4,036,476		4,036,476
Debt Service	426,649		426,649
Set Asides	296,138		296,138
Other Purposes	671,768		671,768
Unrestricted	3,405,053	346,067	3,751,120
<i>Total Net Assets</i>	<u>\$8,836,084</u>	<u>\$346,067</u>	<u>\$9,182,151</u>

See accompanying notes to the basic financial statements

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2006**

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Instruction:				
Regular	\$6,162,311	\$312,034	\$128,962	
Special	1,287,043		571,041	
Vocational	97,780		25,149	
Other	21,576			
Support Services:				
Pupil	447,562		71,373	
Instructional Staff	376,724		49,475	
Board of Education	48,846		108	
Administration	874,928		136,124	
Fiscal	310,836			
Business	1,191			
Operation and Maintenance of Plant	938,858		6,376	
Pupil Transportation	743,364	3,826	18,463	\$52,500
Operation of Non-Instructional Services	285,721		254,407	
Operation of Food Services	505,552	413,096	122,132	
Extracurricular Activities	559,738	433,586		
Building Acquisition and Construction	596,701			
Debt Service	990,429			
	<u>14,249,160</u>	<u>1,162,542</u>	<u>1,383,610</u>	<u>52,500</u>
<b>Total Governmental Activities</b>				
	<u>14,249,160</u>	<u>1,162,542</u>	<u>1,383,610</u>	<u>52,500</u>
<b>Business Type Activity</b>				
Preschool	43,036	37,526		
	<u>43,036</u>	<u>37,526</u>		
<b>Total</b>	<u>\$14,292,196</u>	<u>\$1,200,068</u>	<u>\$1,383,610</u>	<u>\$52,500</u>

**General Receipts**

Property Taxes Levied for:

General Purposes  
Debt Service  
Capital Outlay

Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Payment in Lieu of Taxes

Sale of Capital Assets

Interest

Miscellaneous

*Total General Receipts*

Change in Net Assets

*Net Assets Beginning of Year*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$5,721,315)		(\$5,721,315)
(716,002)		(716,002)
(72,631)		(72,631)
(21,576)		(21,576)
(376,189)		(376,189)
(327,249)		(327,249)
(48,738)		(48,738)
(738,804)		(738,804)
(310,836)		(310,836)
(1,191)		(1,191)
(932,482)		(932,482)
(668,575)		(668,575)
(31,314)		(31,314)
29,676		29,676
(126,152)		(126,152)
(596,701)		(596,701)
(990,429)		(990,429)
<u>(11,650,508)</u>		<u>(11,650,508)</u>
	(\$5,510)	(5,510)
<u>(\$11,650,508)</u>	<u>(\$5,510)</u>	<u>(\$11,656,018)</u>
3,487,482		3,487,482
922,171		922,171
132,539		132,539
842,843		842,843
5,642,847		5,642,847
82,519		82,519
552		552
272,491	13,200	285,691
98,879		98,879
<u>11,482,323</u>	<u>13,200</u>	<u>11,495,523</u>
(168,185)	7,690	(160,495)
<u>9,004,269</u>	<u>338,377</u>	<u>9,342,646</u>
<u>\$8,836,084</u>	<u>\$346,067</u>	<u>\$9,182,151</u>

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**Statement of Assets and Fund Balances - Modified Cash Basis  
Governmental Funds  
For the Fiscal Year Ended June 30, 2006**

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$3,574,741	\$426,649	\$1,791,847	\$637,475	\$671,768	\$7,102,480
Investments				1,607,154		1,607,154
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	126,450					126,450
<b>Total Assets</b>	<u><u>\$3,701,191</u></u>	<u><u>\$426,649</u></u>	<u><u>\$1,791,847</u></u>	<u><u>\$2,244,629</u></u>	<u><u>\$671,768</u></u>	<u><u>\$8,836,084</u></u>
<b>Fund Balances</b>						
Reserved for Encumbrances	\$234,053		\$99,085	\$85,700	\$47,458	\$466,296
Reserved for Bus Purchases	28,174					28,174
Reserved for Capital Outlay	66,237					66,237
Reserved for BWC Refunds	32,039					32,039
Unreserved:						
Designated for Budget Stabilization	197,862					197,862
Designated for Termination Benefits					336,987	336,987
Undesignated, Reported in:						
General Fund	3,142,826					3,142,826
Special Revenue Funds					287,323	287,323
Debt Service Fund		\$426,649				426,649
Capital Projects Funds			1,692,762	2,158,929		3,851,691
<b>Total Fund Balances</b>	<u><u>\$3,701,191</u></u>	<u><u>\$426,649</u></u>	<u><u>\$1,791,847</u></u>	<u><u>\$2,244,629</u></u>	<u><u>\$671,768</u></u>	<u><u>\$8,836,084</u></u>

See accompanying notes to the basic financial statements

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in  
Fund Balances - Modified Cash Basis - Governmental Funds  
For the Fiscal Year Ended June 30, 2006**

	General	Bond Retirement	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property Taxes	\$3,487,482	\$922,171	\$132,539			\$4,542,192
Income Taxes	842,843					842,843
Intergovernmental	6,038,749	114,303	68,287		\$857,618	7,078,957
Interest	122,421		66,300	\$80,033	3,737	272,491
Tuition and Fees	296,634	13,800			1,600	312,034
Transportation Fees	3,826					3,826
Extracurricular Activities					433,586	433,586
Charges for Services					413,096	413,096
Miscellaneous	150,217		21,746		9,435	181,398
<i>Total Receipts</i>	<u>10,942,172</u>	<u>1,050,274</u>	<u>288,872</u>	<u>80,033</u>	<u>1,719,072</u>	<u>14,080,423</u>
<b>Disbursements</b>						
Current:						
Instruction:						
Regular	5,926,946		17,779		217,586	6,162,311
Special	1,087,810				199,233	1,287,043
Vocational	97,780					97,780
Other Instruction	21,576					21,576
Support Services:						
Pupil	374,943				72,619	447,562
Instructional Staff	327,511				49,213	376,724
Board of Education	48,811				35	48,846
Administration	739,033				135,895	874,928
Fiscal	285,616	21,905	3,315			310,836
Business	1,191					1,191
Operation and Maintenance of Plant	839,417		93,438		6,003	938,858
Pupil Transportation	650,024		83,350		9,990	743,364
Operation of Non-Instructional Services	24,622				261,099	285,721
Operation of Food Services					505,552	505,552
Extracurricular Activities	268,144				291,594	559,738
Facilities acquisition and construction	38,300		1,158	557,243		596,701
Debt Service:						
Principal Retirement		377,000				377,000
Interest and Fiscal Charges		613,429				613,429
<i>Total Disbursements</i>	<u>10,731,724</u>	<u>1,012,334</u>	<u>199,040</u>	<u>557,243</u>	<u>1,748,819</u>	<u>14,249,160</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>210,448</u>	<u>37,940</u>	<u>89,832</u>	<u>(477,210)</u>	<u>(29,747)</u>	<u>(168,737)</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	552					552
Transfers In					150,000	150,000
Transfers Out	(150,000)					(150,000)
Advances In					8,000	8,000
Advances Out	(8,000)					(8,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(157,448)</u>				<u>158,000</u>	<u>552</u>
<i>Net Change in Fund Balances</i>	53,000	37,940	89,832	(477,210)	128,253	(168,185)
<i>Fund Balances Beginning of Year</i>	<u>3,648,191</u>	<u>388,709</u>	<u>1,702,015</u>	<u>2,721,839</u>	<u>543,515</u>	<u>9,004,269</u>
<i>Fund Balances End of Year</i>	<u><u>\$3,701,191</u></u>	<u><u>\$426,649</u></u>	<u><u>\$1,791,847</u></u>	<u><u>\$2,244,629</u></u>	<u><u>\$671,768</u></u>	<u><u>\$8,836,084</u></u>

See accompanying notes to the basic financial statements

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**Statement of Receipts, Disbursements and Changes In Fund Balance  
Budget and Actual - Budget Basis  
General Fund  
For the Fiscal Year Ended June 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$3,358,803	\$3,468,152	\$3,487,482	\$19,330
Income Taxes	843,312	843,312	842,843	(469)
Intergovernmental	5,800,452	5,800,452	6,038,749	238,297
Interest	73,621	73,621	122,421	48,800
Tuition and Fees	281,600	281,600	296,634	15,034
Transportation Fees	6,000	6,000	3,826	(2,174)
Other Local Revenues	10,000	10,000	19,861	9,861
Miscellaneous	103,500	103,500	130,356	26,856
<i>Total Receipts</i>	<u>10,477,288</u>	<u>10,586,637</u>	<u>10,942,172</u>	<u>355,535</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	6,026,782	6,026,782	5,958,991	67,791
Special	1,031,054	1,031,054	1,087,820	(56,766)
Vocational	206,061	206,061	97,780	108,281
Other	25,219	25,219	46,197	(20,978)
Support Services:				
Pupil	382,095	382,095	375,345	6,750
Instructional Staff	407,632	407,632	327,619	80,013
Board of Education	46,166	46,166	49,093	(2,927)
Administration	874,555	874,555	783,362	91,193
Fiscal	311,951	311,951	286,609	25,342
Business	263	263	1,191	(928)
Operation and Maintenance of Plant	777,944	777,944	881,704	(103,760)
Pupil Transportation	759,277	759,277	744,471	14,806
Extracurricular Activities	269,616	269,616	268,144	1,472
Facilities acquisition and construction	55,800	55,800	57,450	(1,650)
<i>Total Disbursements</i>	<u>11,174,415</u>	<u>11,174,415</u>	<u>10,965,776</u>	<u>208,639</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(697,127)</u>	<u>(587,778)</u>	<u>(23,604)</u>	<u>564,174</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Fixed Assets			552	552
Advances Out			(8,000)	(8,000)
Transfers Out	(50,000)	(50,000)	(150,000)	(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>(50,000)</u>	<u>(157,448)</u>	<u>(107,448)</u>
<i>Net Change in Fund Balance</i>	(747,127)	(637,778)	(181,052)	456,726
<i>Fund Balance Beginning of Year</i>	3,443,776	3,443,776	3,443,776	
Prior Year Encumbrances Appropriated	204,414	204,414	204,414	
<i>Fund Balance End of Year</i>	<u>\$2,901,063</u>	<u>\$3,010,412</u>	<u>\$3,467,138</u>	<u>\$456,726</u>

See accompanying notes to the basic financial statements

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**Statement of Fund Net Assets - Modified Cash Basis  
Preschool Fund  
For the Fiscal Year Ended June 30, 2006**

	<u>Preschool Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$346,067</u>
<b>Net Assets</b>	
Unrestricted	<u>\$346,067</u>

See accompanying notes to the basic financial statements

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**Statement of Cash Receipts, Disbursements and Changes in  
Fund Net Assets - Modified Cash Basis  
Preschool Fund  
For the Fiscal Year Ended June 30, 2006**

	<u>Preschool Fund</u>
<b>Operating Receipts</b>	
Charges for Services	\$37,526
Interest	13,200
	<hr/>
<i>Total Operating Receipts</i>	<i>\$50,726</i>
	<hr/>
<b>Operating Disbursements</b>	
Personal Services	38,341
Materials and Supplies	4,695
	<hr/>
<i>Total Operating Disbursements</i>	<i>43,036</i>
	<hr/>
<i>Change in Net Assets</i>	<i>7,690</i>
	<hr/>
<i>Net Assets Beginning of Year</i>	<i>338,377</i>
	<hr/>
<i>Net Assets End of Year</i>	<i>\$346,067</i>
	<hr/> <hr/>

See accompanying notes to the basic financial statements

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**Statement of Fiduciary Net Assets - Modified Cash Basis  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2006**

	<u>Agency</u>
<b>Assets</b>	
Equity in pooled cash and cash equivalents	<u><u>\$42,249</u></u>
<b>Net Assets</b>	
Held in trust for students	<u><u>42,249</u></u>

See accompanying notes to the basic financial statements

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE 1 - REPORTING ENTITY**

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

The District was established in 1962 through the consolidation of existing land areas and school districts. The District serves an area of approximately 66 square miles. It is located in Putnam County and includes the entire Village of Ottawa and Glandorf, all of and portions of surrounding townships. The District is the 338 largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 68 classified employees, 100 certified teaching personnel, and 7 administrative employees who provide services to 1,685 students and other community members. The District currently operates 3 buildings.

The reporting entity is composed of the primary government and other organizations that are included to insure the financial statements are not misleading.

**A. Primary Government**

The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

**B. Component Units**

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

**C. Joint Venture**

The District participates in five jointly governed organizations and three public entity risk pools. These organizations are:

Jointly Governed Organizations:

Northwest Ohio Area Computer Services Cooperative;  
Millstream Cooperative Career Center;  
West Central Regional Professional Development Center;  
Northwest Ohio Special Education Regional Resource Center;  
Northwestern Ohio Educational Research Council, Inc.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 1 - REPORTING ENTITY – (CONTINUED)**

Public Entity Risk Pool:  
Schools of Ohio Risk Sharing Authority  
Ohio School Board Association Workers' Compensation Group Rating Program  
Putnam County School Insurance Group

These organizations are presented in Notes 10 and 16 to the basic financial statements.

The District's management believes these financial statements present all activities for which the District is financially accountable.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The District does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the District's accounting policies.

**A. Basis of Presentation**

The District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental (and business-type) activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental (and business-type) activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the District's general receipts.

Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the District's major governmental funds:

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is disbursed or transferred according to Ohio law.

Bond Retirement Fund – The debt service fund accounts for resources received from property taxes to pay school improvement general obligation bond principal, interest and related costs.

Permanent Improvement Fund – The permanent improvement fund accounts for property taxes restricted to acquiring, constructing, or improving of permanent improvements.

Building Fund – The building fund accounts for the receipts and disbursements related to all special bond funds in the District. All proceeds from the sale of bonds, notes or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Disbursements recorded here represent the costs of acquiring capital facilities including real property.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

Certain District funds operate similar to business enterprises, where user charges (i.e. charges for services) provide significant resources for the activity. The District classifies these as enterprise funds. The following is the District's enterprise fund:

Enterprise Fund – The District's major enterprise fund accounts for preschool tuition and fees.

Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Agency funds are custodial in nature. The District's agency fund accounts for various student-managed activities.

C. Basis of Accounting

The District's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and disbursements for goods or services received but not yet paid, and accrued disbursements and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2006, the District invested in federal agency securities and a U. S. money market mutual fund. Investments 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 receipts credited to the General Fund during fiscal year 2006 was \$122,421 which included \$82,200 assigned from other District funds.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for the acquisition and construction of capital improvements, debt service obligations, BWC refunds, and school bus purchases.

**G. Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

I. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's modified cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 11 and 12, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The District's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes.

The District applies restrict resources when an expense is incurred for purpose for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. A designation of fund balance represents a self-imposed limitation on the use of available expendable resources by the Board of Education. The designation for termination benefits represents monies set aside by the Board for future payment of termination benefits. The amount set-aside by the Board for budget stabilization is reported as a designation of fund balance in the general fund. Unreserved and undesignated fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, bus purchases, capital outlay and BWC refunds.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY**

**A. Change in Basis of Accounting**

For 2006, the District ceased to report using generally accepted accounting principles and reported on the modified cash basis as described in Note 2C.

**B. Restatement of Fund Equity**

The implementation of this change had the following effects on fund equity of the major and nonmajor funds of the District as they were previously reported. The effects on net assets of governmental activities are also presented. In addition the Preschool Fund was reclassified from a special revenue fund to an enterprise fund for 2006 because the District determined the Preschool Fund more closely resembled an enterprise fund. Also, the Private Purpose Trust Funds were reclassified to special revenue funds.

	General	Bond Retirement	Permanent Improvement	Building	Other Governmental	Total Governmental
Fund Balance June 30, 2005	\$3,084,358	\$460,769	\$1,740,401	\$2,722,981	\$766,853	\$8,775,362
Eliminate Asset Accruals	(4,075,791)	(959,997)	(177,764)	(1,667)	(53,274)	(5,268,493)
Eliminate Inventory	(867)				(3,775)	(4,642)
Eliminate Prepaid Items	(95,536)					(95,536)
Difference Between Cost And Market	51,213					51,213
Eliminate Liability Accruals	4,684,814	887,937	139,378	525	154,900	5,867,554
Reclassification of Preschool Fund					(338,377)	(338,377)
Reclassification of Private Purpose Trust Funds						
					17,188	17,188
Adjusted Fund Balance June 30, 2005	<u>\$3,648,191</u>	<u>\$388,709</u>	<u>\$1,702,015</u>	<u>\$2,721,839</u>	<u>\$543,515</u>	<u>\$9,004,269</u>

Governmental Activities Net Assets June 30, 2005	\$8,706,699
Eliminate Government-Wide Financial Statements Adjustments:	
Net Change in Fund Balance	228,907
Capital Assets	(14,484,149)
Deferred Revenue	(438,873)
Accrued Interest Payable	51,120
General Obligation Bonds Payable	13,854,143
Compensated Absences Payable	1,082,407
Capital Leases Payable Loan payable	4,015
Adjusted Governmental Activities Net Assets June 30, 2005	<u>\$9,004,269</u>

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY –  
(CONTINUED)**

The restatement of the business-type activity and the fiduciary funds is presented below:

	Preschool Fund	Private Purpose Trust Funds
Net Assets June 30, 2005		\$33,107
Eliminate Asset Accruals		(15,919)
Reclassification of Preschool Fund	\$338,377	(17,188)
Adjusted Net Assets June 30, 2005	\$338,377	

**NOTE 4 – COMPLIANCE**

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) rather than as an interfund receivable or payable (modified cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to \$234,053 in the General Fund.

**NOTE 6 - DEPOSITS AND INVESTMENTS**

Monies held by the District are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current five 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.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS – (CONTINUED)**

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.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool (STAR Ohio).

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

At year end, the District had \$4,303 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS – (CONTINUED)**

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,405,463 of the District's bank balance of \$1,679,248 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2006, the District had the following investments:

<u>Investment Type</u>	<u>Balance at Fair Value</u>	<u>6 Months or Less</u>	<u>7 to 12 Months</u>	<u>13 to 18 Months</u>	<u>19 to 24 Months</u>	<u>Over 24 Months</u>
Federal Farm Credit Bank	\$245,313		\$245,313			
Federal Home Loan Bank	2,089,424		463,610	\$738,125	\$638,470	\$249,219
Federal Home Loan Mortgage Corporation	886,312			243,648		642,664
Federal National Mortgage Association	2,601,284		296,204	1,422,033	690,141	192,906
U.S. Government Money Market	<u>1,758,577</u>	<u>1,758,577</u>				
<b>Total Investments</b>	<b><u>\$7,580,910</u></b>	<b><u>\$1,758,577</u></b>	<b><u>\$1,005,127</u></b>	<b><u>\$2,403,806</u></b>	<b><u>\$1,328,611</u></b>	<b><u>\$1,084,789</u></b>

The weighted average maturity of investments is 1.75 years.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits portfolio maturities to five years or less.

*Credit Risk:* The District's investments were rated AAA and Aaa by Standards & Poor's and Moody's Investor Services, respectively. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 6 - DEPOSITS AND INVESTMENTS – (CONTINUED)**

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2006:

	Fair Value	% of Balance
Federal National Mortgage Association	\$2,601,284	34.31%
Federal Home Loan Mortgage Corporation	886,312	11.69
Federal Home Loan Bank	2,089,424	27.56
Federal Farm Credit Bank	245,313	3.24
U.S. Government Money Market	1,758,577	23.20
Total Investments	\$7,580,910	100.00%

**Reconciliation of Cash and Investment to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2006:

	Amount
<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$1,639,187
Investments	7,580,910
Cash on hand	4,303
Total	\$9,224,400
	Amount
<u>Cash and Investments per Financial Statements</u>	
Governmental activities	\$8,836,084
Business type activities	346,067
Agency funds	42,249
Total	\$9,224,400

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real property tax receipts received in calendar year 2006 represent the collection of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 7 - PROPERTY TAXES – (CONTINUED)**

Public utility property tax receipts received in calendar year 2006 represent the collection of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien on December 31, 2004, were levied after April 1, 2005, and are collected in 2006 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in calendar year 2006 (other than public utility property) represents the collection of calendar year 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Putnam County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2006 taxes were collected are:

	2005 Second- Half Collections		2006 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Agricultural/Residential	\$144,462,540	87.06%	\$159,554,620	90.71%
Public Utility Property	6,113,680	3.68	5,912,420	3.36
Tangible Personal Property	15,342,572	9.26	10,426,947	5.93
Total Assessed Value	<u>\$165,918,792</u>	<u>100.00%</u>	<u>\$175,893,987</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$29.88		\$30.24	

**NOTE 8 - INCOME TAXES**

The District levies a voted tax of one-half percent for general operations on the income of residents and of estates. The tax was effective on 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 receipts are recorded in the General Fund.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 9 - INTERFUND RECEIVABLES/PAYABLES**

At June 30, 2006, the General Fund had an unpaid interfund cash advance, in the amount of \$8,000, for a short-term loan made to the Title IIA Special Revenue Fund. This is expected to be repaid within one year.

**NOTE 10 - RISK MANAGEMENT**

**A. Schools of Ohio Risk Sharing Authority**

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 2006, the District contracted for the following insurance coverage.

Coverage provided through the Schools of Ohio Risk Sharing Authority (SORSA) is as follows:

	<u>Coverage</u>
Property including inland marine – replacement cost (\$1,000 deductible)	\$35,543,499
Employee Dishonesty Liability	50,000
Automobile Liability	6,000,000
Uninsured Motorists	1,000,000
Medical Payments - per occurrence	5,000
Educator's Legal Liability – errors or omissions	6,000,000
General District Liability	
Per occurrence	6,000,000
Total per year	6,000,000
Umbrella Liability	8,000,000

Settled claims have none exceeded this commercial coverage in any of the past three years.

SORSA financial statements are available by contacting Patrick Shaver, Schools of Ohio Risk Sharing Authority, 8050 North High St., Columbus, Ohio 43235.

**B. Ohio School Boards Association Workers' Compensation Group Rating Program**

The District participates in the Ohio School Board Association's Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP 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 GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to educational entities that can meet the GRP's selection criteria. Each participant must apply annually. The GRP provides the participants with a centralized program for processing, analysis and management of worker's 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

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 10 - RISK MANAGEMENT – (CONTINUED)**

agreement. The GRP's business and affairs are conducted by a 25 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.

**C. Putnam County Schools Insurance Group**

The District participates as a member of the Putnam County School Insurance Group, a public entity risk pool, administered by Sky Trust. The District converted its fully-insured medical insured program to partial self insurance through participation in this public entity risk pool. Medical Mutual of Ohio provides claim review and processing. The District maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims.

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

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 12. As such, no funding provisions are required by the District.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853 or by visiting the SERS website at [ohsers.org](http://ohsers.org).

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004, were \$140,538, \$143,729, and \$126,060, respectively; 44.2 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 11 - DEFINED BENEFIT PENSION PLANS – (CONTINUED)**

**B. State Teachers Retirement System of Ohio**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004, were \$699,970, \$695,213, and \$692,536, respectively; 83.34 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 12 – POST-EMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial 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 on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$53,844 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. 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 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$65,488.

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 the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 participants eligible to receive health care benefits.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 13 – DEBT**

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

	Principal Outstanding 6/30/05	Additions	Reductions	Principal Outstanding 6/30/06	Amounts Due in One Year
<b><u>General Obligation Bonds:</u></b>					
General obligation bonds – 1986	\$300,000		\$50,000	\$250,000	\$50,000
General obligation bonds – 2003	12,895,000		325,000	12,570,000	400,000
Capital appreciation bonds	585,013			585,013	
<b>Total General Obligation Bonds</b>	<b>13,780,013</b>		<b>375,000</b>	<b>13,405,013</b>	<b>450,000</b>
<b><u>Loans Payable:</u></b>					
Asbestos removal loan	4,015		2,000	2,015	2,015
<b>Total governmental activities</b>	<b>\$13,784,028</b>		<b>\$377,000</b>	<b>\$13,407,028</b>	<b>\$452,015</b>

*Series 2003 School Improvement General Obligation Bonds – Interest Rates 1.55 – 5.375%:* During fiscal year 2003, the voters of the District authorized the issuance of \$13,485,000 in general obligation bonds, for the purpose of renovating and otherwise improving school facilities. These bonds will be retired from proceeds of an additional bonded debt tax levy and will be paid from the Bond Retirement Fund.

The Series 2003 school improvement general obligation bond issue is comprised of both current interest bonds, par value \$13,465,000, and capital appreciation bonds, par value \$1,005,000. The capital appreciation bonds mature on December 1, 2013-2015 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The current interest bonds maturing on or after December 1, 2012 are subject to early redemption at the sole option of the District, at the following redemption prices, plus accrued interest:

<u>Redemption Date</u>	<u>Redemption Price</u>
December 1, 2012 and thereafter	100% of par

Interest payments on the current interest bonds are due on June 1, and December 1 of each year. The final maturity stated in the issue is December 1, 2030.

*Series 1986 School Improvement General Obligation Bonds – Interest Rate 7.5%:* The 1986 general obligation bonds have been issued to provide funds for the acquisition and construction of equipment and facilities and are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as disbursements in the debt service fund. The source of payment is derived from a current .80 mill bonded debt tax levy.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 13 – DEBT – (CONTINUED)**

*Asbestos Removal Loan:* The outstanding loan is a general obligation of the District, for which the District's full faith and credit are pledged for repayment. Payments of principal relating to this obligation are recorded as disbursements in the debt service fund. The asbestos removal loan is interest-free, providing repayment remains current.

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2006 are as follows:

<u>Year Ended</u>	<u>General Obligation Bonds - 1986 Issue</u>			<u>Asbestos Removal Loans</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$50,000	\$16,875	\$66,875	\$2,015		\$2,015
2008	50,000	13,125	63,125			
2009	50,000	9,375	59,375			
2010	50,000	5,625	55,625			
2011	50,000	1,875	51,875			
Total	<u>\$250,000</u>	<u>\$46,875</u>	<u>\$296,875</u>	<u>\$2,015</u>		<u>\$2,015</u>

  

<u>Year Ended</u>	<u>General Obligation Bonds - 2003 Issue</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$400,000	\$584,391	\$984,391			
2008	430,000	573,371	1,003,371			
2009	465,000	560,144	1,025,144			
2010	125,000	550,843	675,843			
2011	150,000	546,087	696,087			
2012-2016	510,000	2,641,751	3,151,751	\$585,013	\$419,987	\$1,005,000
2017-2021	2,670,000	2,298,229	4,968,229			
2022-2026	3,590,000	1,435,963	5,025,963			
2027-2031	4,230,000	484,975	4,714,975			
Total	<u>\$12,570,000</u>	<u>\$9,675,754</u>	<u>\$22,245,754</u>	<u>\$585,013</u>	<u>\$419,987</u>	<u>\$1,005,000</u>

The Ohio Revised Code provides that voted net general obligation debt of the 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 at June 30, 2006, are a voted debt margin of \$2,852,095 (including available funds of \$426,649) and an unvoted debt margin of \$175,894.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 14 - SET ASIDE REQUIREMENTS**

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during 2006.

	Textbooks/ Instructional Materials	Capital Maintenance	Budget Stabilization	
			Designation	Reserved
Balance at June 30, 2005	(\$223,057)	\$53,802	\$197,862	\$32,039
Current Year Set Aside Requirement	229,508	229,508		
Qualifying Cash Disbursements	(249,072)	(70,041)		
Offsets		(147,032)		
Balance at June 30, 2006	<u>(\$242,621)</u>	<u>\$66,237</u>	<u>\$197,862</u>	<u>\$32,039</u>

The District had qualifying cash disbursements during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases.

A schedule of the governmental fund restricted assets at June 30, 2006, follows:

Amount restricted for capital acquisition	\$66,237
Amount restricted for BWC refunds	32,039
Amount restricted for school bus purchases	<u>28,174</u>
Total restricted assets	<u>\$126,450</u>

**NOTE 15 – CONSTRUCTION AND CONTRACTUAL COMMITMENTS**

As of June 30, 2006, there were two contracts outstanding; Myers Equipment in the amount of \$133,060 for two busses to be paid with General Fund and Permanent Improvement Monies and Miller Contracting in the amount of \$93,268 for the construction of the bus garage/concession building to be paid from the Building Fund.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

A. Northwest Ohio Area Computer Services Cooperative

The 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.

B. Millstream Cooperative Career Center

The Millstream Cooperative 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, Michael Barnhart, Treasurer, at 227 South West Street, Findlay, Ohio 45840-3377.

C. West Central Regional Professional Development Center

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

The Center is governed by a fifty-two member board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Greg Spiess, Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2006  
(Continued)**

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS – (CONTINUED)**

D. Northwest Ohio Special Education Regional Resource Center

The Northwest Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is made up of school districts from Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Van Wert, Williams, and Wood counties. The SERRC is governed by a thirty-three member board consisting of twenty-six superintendents, one director of student services, one parent representative, one representative from a community school, one representative from a mental health board, one representative from a parent advisory council, one representative from Bowling Green State University, and one representative from the University of Toledo. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from David Michel, Eastwood Local Schools, 4800 Sugar Ridge Road, Pemberville, Ohio 43450.

E. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representative from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

**NOTE 17 - CONTINGENCIES**

The District receives financial assistance from Federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through June 30, 2006, will not have a material adverse effect on the District.

**NOTE 18 – SUBSEQUENT EVENTS**

On November 15, 2006 the District sold bonds in the amount of approximately \$9,289,995 for the purpose of refunding of advance refunding a portion of bonds issued in 2002 for the purpose of renovating, improving and constructing additions to existing school building and facilities.

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education</i>						
Food Donation		10.550		\$68,808		\$68,808
Nutrition Cluster:						
National School Lunch Program	49379-LLP4-06	10.555	\$113,602		\$113,602	
School Breakfast Program	49379-05PU-06	10.553	5,665		5,665	
			<u>119,267</u>		<u>119,267</u>	
Total Nutrition Cluster						
Total Department of Agriculture - Nutrition Cluster			<u><b>119,267</b></u>	<u><b>68,808</b></u>	<u><b>119,267</b></u>	<u><b>68,808</b></u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education - Grants to States	49379-6BSF-05	84.027	11,557 x		27,809	
	49379-6BSF-06	84.027	335,437 x		315,663	
	49379-6BSD-05	84.027	8,870		18,762	
	49379-6BSD-06	84.027	18,573		18,573	
Total Special Education Grant			<u>374,437</u>		<u>380,807</u>	
Special Education - Preschool Grants	49379-PGS1-05	84.173	554		557	
	49379-PGS1-06	84.173	13,160		13,160	
Total Special Education - Preschool Grants			<u>13,714</u>		<u>13,717</u>	
Total Special Education Cluster			<u>388,151</u>		<u>394,524</u>	
Safe and Drug Free Schools and Communities - State Grants	47379-DRS1-06	84.186	4,370		4,370	
State Grants for Innovative Programs	47379-C2S1-05	84.298	460		1,032	
	47379-C2S1-06	84.298	5,260		4,604	
Total State Grants for Innovative Programs			<u>5,720</u>		<u>5,636</u>	
Improving Teacher Quality - State Grants	49379-TRS1-05	84.367	1,518 xx		6,568	
	49379-TRS1-06	84.367	33,192 xx		35,294	
Total Improving Teacher Quality			<u>34,710</u>		<u>41,862</u>	
Total Department of Education			<u><b>432,951</b></u>		<u><b>446,392</b></u>	
<b>Total</b>			<u><b>\$552,218</b></u>	<u><b>\$68,808</b></u>	<u><b>\$565,659</b></u>	<u><b>\$68,808</b></u>

*The accompanying notes are an integral part of this schedule*

x = total includes moving the 2005 grant carryover of \$10,258 - posted as a negative receipt to the 2005 grant and a positive receipt  
xx = total includes moving the 2005 grant carryover of \$586 - posted as a negative receipt to the 2005 grant and a positive receipt

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2006**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the United States Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Ottawa-Glandorf Local School District  
Putnam County  
630 Glendale Avenue  
Ottawa, Ohio 45875-1162

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa-Glandorf Local School District, Putnam County, Ohio (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 18, 2006, wherein, we noted the District uses a comprehensive basis of accounting other than generally accepted accounting principles, and reclassified certain funds. 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 the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated December 18, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

**Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an

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objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-001. In a separate letter to the District's management dated December 18, 2006, we reported another matter related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

December 18, 2006



**Auditor of State  
Betty Montgomery**

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

Ottawa-Glandorf Local School District  
Putnam County  
630 Glendale Avenue  
Ottawa, Ohio 45875-1162

To the Board of Education:

**Compliance**

We have audited the compliance of Ottawa-Glandorf Local School District, Putnam County, Ohio (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 apply to its major federal programs for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 auditing standards generally accepted in the United States of America; 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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.

In our opinion, Ottawa-Glandorf Local School District complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended June 30, 2006.

### **Internal Control Over Compliance**

The District's management 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 directly and materially affect a major federal program 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 reportable 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 caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

December 18, 2006

**OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505<sup>1</sup>  
JUNE 30, 2006**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster: Special Education – Grants to States CFDA #84.027 Special Education – Preschool Grants CFDA #84.173
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

**FINDING NUMBER 2006-001**

**Noncompliance Citation**

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code § 117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**Officials' Response**

Officials for the District believe that since the District operates on a cash basis throughout the year, the other comprehensive basis of accounting statements included in this report provide the reader with an accurate depiction of the District's financial activity for the audit period and fairly represent the District's modified cash basis financial position as of June 30, 2006.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



**Auditor of State  
Betty Montgomery**

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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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 11, 2007**