



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

December 12, 2000

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

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Equity in pooled cash and cash equivalents	\$1,946,231	\$1,385,297	\$283,324	\$231,261
Cash with fiscal agent		8,503		
Receivables (net of allowances of uncollectibles):				
Taxes - current and delinquent Accounts	3,957,567		127,983	156,637
Accrued interest	61,013			
Interfund loan receivable	36,882			
Due from other governments	2,350	70,766		
Loans receivable				
Prepayments	24,397			
Materials and supplies inventory	931			
Restricted assets:				
Equity in pooled cash and cash equivalents	73,064			
Property, plant and equipment (net of accumulated depreciation where applicable)				
Other debits:				
Amount available in Debt Service Fund				
Amount to be provided for retirement of General Long-Term Obligations				
Total assets and other debits	\$6,102,435	\$1,464,566	\$411,307	\$387,898

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$400,175	\$87,938	\$39,048			\$4,373,274
					8,503
					4,242,187
	4,165				4,165
					61,013
					36,882
					73,116
		27,191			27,191
					24,397
4,911					5,842
					73,064
65,170			\$9,133,657		9,198,827
				\$290,354	290,354
				1,372,339	1,372,339
\$470,256	\$92,103	\$66,239	\$9,133,657	\$1,662,693	\$19,791,154

(Continued)

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

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000
(Continued)**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$268	\$71		
Accrued wages and benefits	670,574	46,060		
Compensated absences payable	9,615			
Pension obligation payable	144,213	5,123		
Interfund loan payable		16,882		
Claims payable				
Deferred revenue	3,518,499		\$120,953	\$148,022
Due to students				
Deposits held and due to others				
General obligation bonds payable				
Energy conservation notes payable				
Asbestos removal loan payable				
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	4,343,169	68,136	120,953	148,022
Equity and other credits:				
Investment in general fixed assets				
Contributed capital				
Retained earnings: unreserved				
Fund balances:				
Designated for termination benefits		150,000		
Designated for budget stabilization	156,836			
Reserved for encumbrances	223,615	43,035		54,439
Reserved for supplies inventory	931			
Reserved for prepayments	24,397			
Reserved for debt service			283,324	
Reserved for tax revenue unavailable for appropriation	201,342		7,030	8,615
Reserved for loans receivable				
Reserved for budget stabilization	73,064			
Unreserved-undesignated	1,079,081	1,203,395		176,822
	<hr/>	<hr/>	<hr/>	<hr/>
Total equity and other credits	1,759,266	1,396,430	290,354	239,876
Total liabilities, equity and other credits	<u>\$6,102,435</u>	<u>\$1,464,566</u>	<u>\$411,307</u>	<u>\$387,898</u>

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

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
					\$339
\$18,497	\$2				735,133
19,188				\$833,278	862,081
11,955	78			57,900	219,269
20,000					36,882
	7,764				7,764
3,610					3,791,084
		\$29,781			29,781
		2,779			2,779
				550,000	550,000
				207,500	207,500
				14,015	14,015
<u>73,250</u>	<u>7,844</u>	<u>32,560</u>		<u>1,662,693</u>	<u>6,456,627</u>
			\$9,133,657		9,133,657
52,546					52,546
344,460	84,259				428,719
					150,000
					156,836
					321,089
					931
					24,397
					283,324
					216,987
		27,191			27,191
					73,064
		6,488			2,465,786
<u>397,006</u>	<u>84,259</u>	<u>33,679</u>	<u>9,133,657</u>		<u>13,334,527</u>
<u>\$470,256</u>	<u>\$92,103</u>	<u>\$66,239</u>	<u>\$9,133,657</u>	<u>\$1,662,693</u>	<u>\$19,791,154</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
From local sources		
Taxes	\$3,817,530	\$100,000
Tuition	4,088	
Earnings on investments	174,234	25,892
Other local revenues	51,650	301,214
Intergovernmental - State	4,842,979	335,829
Intergovernmental - Federal		487,511
	<hr/>	<hr/>
Total revenue	8,890,481	1,250,446
	<hr/>	<hr/>
Expenditures:		
Current:		
Instruction:		
Regular	4,596,263	450,779
Special	918,498	105,377
Vocational	215,229	
Other	49,471	
Support services		
Pupil	344,771	20,564
Instructional staff	276,248	44,167
Board of Education	23,991	
Administration	703,925	145,216
Fiscal	242,229	1,354
Business	279	
Operations and maintenance	596,972	45,763
Pupil transportation	501,412	90
Central	52	8,314
Community services		169,688
Extracurricular activities	219,161	200,649
Facilities services	36,225	
Debt service		
Principal retirement		
Interest and fiscal charges		
	<hr/>	<hr/>
Total expenditures	8,724,726	1,191,961
	<hr/>	<hr/>
Excess of revenues over (under) expenditures	165,755	58,485
	<hr/>	<hr/>
Other financing sources (uses):		
Operating transfers in		62,001
Operating transfers out	(119,050)	
Proceeds from sale of assets	900	
	<hr/>	<hr/>
Total other financing sources (uses)	(118,150)	62,001
	<hr/>	<hr/>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	47,605	120,486
	<hr/>	<hr/>
Fund balance, July 1	1,711,968	1,275,944
Decrease in reserve for inventory	(307)	
	<hr/>	<hr/>
Fund balance, June 30	\$1,759,266	\$1,396,430
	<hr/>	<hr/>

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

Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$253,990	\$277,114		\$4,448,634
			4,088
			200,126
		\$1,749	354,613
10,903	11,996		5,201,707
			487,511
<u>264,893</u>	<u>289,110</u>	<u>1,749</u>	<u>10,696,679</u>
	55,528		5,102,570
			1,023,875
			215,229
			49,471
	51,235		365,335
			371,650
			23,991
3,068	4,207		849,141
			250,858
			279
	361,284		1,004,019
			501,502
			8,366
		1,400	171,088
			419,810
	887		37,112
135,000			135,000
57,983			57,983
<u>196,051</u>	<u>473,141</u>	<u>1,400</u>	<u>10,587,279</u>
<u>68,842</u>	<u>(184,031)</u>	<u>349</u>	<u>109,400</u>
	50,000		112,001
			(119,050)
			900
	50,000		(6,149)
68,842	(134,031)	349	103,251
221,512	373,907	33,330	3,616,661
			(307)
<u>\$290,354</u>	<u>\$239,876</u>	<u>\$33,679</u>	<u>\$3,719,605</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30,2000**

	General Fund		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources			
Taxes	\$3,735,763	\$3,874,502	\$138,739
Tuition	3,941	4,088	147
Earnings on investments	177,641	184,273	6,632
Other local revenues	47,689	49,469	1,780
Intergovernmental - State	4,667,937	4,842,929	174,992
Intergovernmental - Federal			
Total revenues	<u>8,632,971</u>	<u>8,955,261</u>	<u>322,290</u>
Expenditures:			
Current:			
Instruction:			
Regular	4,581,975	4,700,386	(118,411)
Special	848,959	905,988	(57,029)
Vocational	225,789	220,846	4,943
Other	34,188	54,012	(19,824)
Support services			
Pupil	347,248	349,545	(2,297)
Instructional staff	298,751	279,037	19,714
Board of Education	33,627	24,651	8,976
Administrator	760,867	717,154	43,713
Fiscal	292,689	245,783	46,906
Business	1,040	220	820
Operations and maintenance	627,242	681,962	(54,720)
Pupil transportation	582,954	585,720	(2,766)
Central	1,020	53	967
Community services:			
Extracurricular activities	181,382	191,235	(9,853)
Facilities service:	64,924	52,809	12,115
Debt service			
Principal retirement			
Interest and fiscal charges:			
Total expenditures	<u>8,882,655</u>	<u>9,009,401</u>	<u>(126,746)</u>
Excess of revenues over (under) expenditures	<u>(249,684)</u>	<u>(54,140)</u>	<u>195,544</u>
Other financing sources (uses):			
Refund of prior year's expenditure:	2,112	2,191	79
Operating transfers in			
Operating transfers (out)	(198,167)	(119,050)	79,117
Advances in	28,920	30,000	1,080
Advances (out)	40,167	(36,882)	(77,049)
Proceeds of sale of fixed asset	868	900	32
Total other financing sources (uses)	<u>(126,100)</u>	<u>(122,841)</u>	<u>3,259</u>
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(375,784)</u>	<u>(176,981)</u>	<u>198,803</u>
Fund balances, July 1	1,725,553	1,725,553	
Prior year encumbrances appropriated	268,707	268,707	
Fund balances, June 30	<u>\$1,618,476</u>	<u>\$1,817,279</u>	<u>\$198,803</u>

Special Revenue			Debt Service		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$93,323	\$100,000	\$6,677	\$209,427	\$255,813	\$46,386
24,163	25,892	1,729			
281,007	301,113	20,106			
313,398	335,821	22,423	8,926	10,903	1,977
374,350	401,135	26,785			
<u>1,086,241</u>	<u>1,163,961</u>	<u>77,720</u>	<u>218,353</u>	<u>266,716</u>	<u>48,363</u>
480,437	467,793	12,644			
145,546	97,890	47,656			
25,871	16,865	9,006			
40,373	34,611	5,762			
130,210	150,893	(20,683)			
4,523	1,464	3,059	3,100	3,068	32
58,303	47,910	10,393			
500	89	411			
9,811	9,490	321			
208,278	171,722	36,556			
196,922	220,084	(23,162)			
			135,000	135,000	
			58,021	57,983	38
<u>1,300,774</u>	<u>1,218,811</u>	<u>81,963</u>	<u>196,121</u>	<u>196,051</u>	<u>70</u>
<u>(214,533)</u>	<u>(54,850)</u>	<u>159,683</u>	<u>22,232</u>	<u>70,665</u>	<u>48,433</u>
93	100	7			
56,734	62,001	5,267			
16,882	16,882				
<u>73,709</u>	<u>78,983</u>	<u>5,274</u>			
(140,824)	24,133	164,957	22,232	70,665	48,433
1,262,317	1,262,317		212,659	212,659	
55,740	55,740				
<u>\$1,177,233</u>	<u>\$1,342,190</u>	<u>\$164,957</u>	<u>\$234,891</u>	<u>\$283,324</u>	<u>\$48,433</u>

(Continued)

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30,2000
(Continued)**

	Capital Projects		
	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources			
Taxes	\$435,227	\$280,914	(\$154,313)
Tuition			
Earnings on investment:			
Other local revenues:			
Intergovernmental - State	18,586	11,996	(6,590)
Intergovernmental - Federal			
Total revenues	<u>453,813</u>	<u>292,910</u>	<u>(160,903)</u>
Expenditures:			
Current:			
Instruction:			
Regular	87,504	66,755	20,749
Special			
Vocational			
Other			
Support services			
Pupil			
Instructional staff	71,275	53,855	17,420
Board of Education			
Administrator			
Fiscal	4,103	4,207	(104)
Business			
Operations and maintenance	412,005	445,003	(32,998)
Pupil transportation			
Central			
Community services:			
Extracurricular activities			
Facilities service:	12,100	4,480	7,620
Debt service			
Principal retirement			
Interest and fiscal charges:			
Total expenditures	<u>586,987</u>	<u>574,300</u>	<u>12,687</u>
Excess of revenues over (under) expenditures	<u>(133,174)</u>	<u>(281,390)</u>	<u>(148,216)</u>
Other financing sources (uses):			
Refund of prior year's expenditure:			
Operating transfers in	77,466	50,000	(27,466)
Operating transfers (out)			
Advances in			
Advances (out)			
Proceeds of sale of fixed asset			
Total other financing sources (uses)	<u>77,466</u>	<u>50,000</u>	<u>(27,466)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(55,708)	(231,390)	(175,682)
Fund balances, July 1	158,992	158,992	
Prior year encumbrances appropriated	249,219	249,219	
Fund balances, June 30	<u><u>\$352,503</u></u>	<u><u>\$176,821</u></u>	<u><u>(\$175,682)</u></u>

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

Total (Memorandum only)

Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$4,473,740	\$4,511,229	\$37,489
3,941	4,088	147
201,804	210,165	8,361
328,696	350,582	21,886
5,008,847	5,201,649	192,802
374,350	401,135	26,785
10,391,378	10,678,848	287,470
5,149,916	5,234,934	(85,018)
994,505	1,003,878	(9,373)
225,789	220,846	4,943
34,188	54,012	(19,824)
373,119	366,410	6,709
410,399	367,503	42,896
33,627	24,651	8,976
891,077	868,047	23,030
304,415	254,522	49,893
1,040	220	820
1,097,550	1,174,875	(77,325)
583,454	585,809	(2,355)
10,831	9,543	1,288
208,278	171,722	36,556
378,304	411,319	(33,015)
77,024	57,289	19,735
135,000	135,000	
58,021	57,983	38
10,966,537	10,998,563	(32,026)
(575,159)	(319,715)	255,444
2,205	2,291	86
134,200	112,001	(22,199)
(198,167)	(119,050)	79,117
45,802	46,882	1,080
40,167	(36,882)	(77,049)
868	900	32
25,075	6,142	(18,933)
(550,084)	(313,573)	236,511
3,359,521	3,359,521	
573,666	573,666	
\$3,383,103	\$3,619,614	\$236,511

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

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating revenues:			
Tuition and fees	\$42,703		\$42,703
Sales/charges for services	383,451	\$114,918	498,369
	<hr/>	<hr/>	<hr/>
Total operating revenues	426,154	114,918	541,072
	<hr/>	<hr/>	<hr/>
Operating expenses:			
Personal services	203,414	4,088	207,502
Contract services	5,373		5,373
Materials and supplies	287,453		287,453
Depreciation	8,377		8,377
Other	115		115
Claims expense		146,227	146,227
	<hr/>	<hr/>	<hr/>
Total operating expenses	504,732	150,315	655,047
	<hr/>	<hr/>	<hr/>
Operating loss	(78,578)	(35,397)	(113,975)
	<hr/>	<hr/>	<hr/>
Nonoperating revenues:			
Operating grants	70,998		70,998
Federal commodities	47,636		47,636
Interest revenue	2,512		2,512
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues	121,146		121,146
	<hr/>	<hr/>	<hr/>
Net income (loss) before operating transfers	42,568	(35,397)	7,171
	<hr/>	<hr/>	<hr/>
Operating transfers in		7,049	7,049
	<hr/>	<hr/>	<hr/>
Net income (loss)	42,568	(28,348)	14,220
	<hr/>	<hr/>	<hr/>
Retained earnings, July 1	301,892	112,607	414,499
	<hr/>	<hr/>	<hr/>
Retained earnings, June 30	\$344,460	\$84,259	\$428,719
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

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

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash flows from operating activities:			
Cash received from tuition and fees	\$42,703		\$42,703
Cash received from sales/service charges	383,537	\$118,278	501,815
Cash payments for personal services	(205,792)	(4,472)	(210,264)
Cash payments for contract services	(5,483)		(5,483)
Cash payments for supplies and materials	(250,379)		(250,379)
Cash payments for claims expenses		(151,478)	(151,478)
Cash payments for other expenses	(115)		(115)
Net cash used by operating activities	<u>(35,529)</u>	<u>(37,672)</u>	<u>(73,201)</u>
Cash flows from noncapital financing activities:			
Cash received from operating grants	79,761		79,761
Cash received from transfers in		7,049	7,049
Cash received from interfund loans	20,000		20,000
Cash payments used in repayment of interfund loans	(20,000)	(10,000)	(30,000)
Net cash provided (used) by noncapital financing activities	<u>79,761</u>	<u>(2,951)</u>	<u>76,810</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(9,516)		(9,516)
Cash flows from investing activities:			
Interest received	2,512		2,512
Net increase (decrease) in cash and cash equivalents	37,228	(40,623)	(3,395)
Cash and cash equivalents at beginning of year	362,947	128,561	491,508
Cash and cash equivalents at end of year	<u>\$400,175</u>	<u>\$87,938</u>	<u>\$488,113</u>
Reconciliation of operating loss to net cash used by operating activities:			
Operating loss	(\$78,578)	(\$35,397)	(\$113,975)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	8,377		8,377
Federal donated commodities	47,636		47,636
Changes in assets and liabilities:			
Decrease in supplies inventory	1,772		1,772
Decrease in accounts receivable	86	3,360	3,446
Decrease in accounts payable	(10,890)		(10,890)
Increase(Decrease) in accrued wages & benefits	1,096	(4)	1,092
Decrease in compensated absences payable	(11)		(11)
Decrease in pension obligation payable	(3,463)	(380)	(3,843)
Decrease in claims payable		(5,251)	(5,251)
Decrease in deferred revenue	(1,554)		(1,554)
Net cash used in operating activities	<u>(\$35,529)</u>	<u>(\$37,672)</u>	<u>(\$73,201)</u>

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District currently operates 2 elementary schools and 1 comprehensive high school. The District employs 75 non-certified and 115 certified (including administrative) full-time and part-time employees to provide services to approximately 1,909 students in grades K through 12 and various community groups, which ranks it 307th out of approximately 660 public and community school districts in the State.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government 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. 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.

Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

Jointly Governed Organizations:

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.

Blanchard Valley Cooperative Vocational Career Center

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

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

B. Fund Accounting

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

1. Governmental Funds

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

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

fund. The General fund balance is available to the District for any purpose, provided it is expended or transferred in accordance with applicable Ohio statute.

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

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

2. Proprietary Funds

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

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

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

3. Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust and Agency Funds. Expendable trusts are accounted for in the essentially the same manner as Governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are reported on a cash basis, with note disclosure regarding items which, in other fund types, would be subject to accrual.

4. Account Groups

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

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

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

C. Measurement Focus/Basis of Accounting

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

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

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2000 and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in Governmental funds.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

The Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2000 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Putnam County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2000 in the following amounts:

	<u>Increase</u>
General	\$190,559
Special Revenue Funds	892,881
Debt Service	45,000
Capital Projects	<u>6,274</u>
Totals	<u>\$1,134,714</u>

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

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis (Exhibit 3) in order to demonstrate legal compliance. Note 16 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Proprietary funds are disclosed in Note 13.

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

E. Cash and Investments

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

During fiscal 2000, investments were limited to certificates of deposit and federal agency securities.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit are reported at cost.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost. The fair value of investments decreased by \$9,847 in fiscal year 2000.

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

	Interest Actually Received	Interest Based Upon Share of Investments	Interest Assigned From Other Funds
General	\$174,234	\$91,531	\$82,703
Special Revenue Funds:			
Auxiliary services	23,350	1,706	644

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

F. Inventory

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

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

G. Prepays

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

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

\$100 and a useful life of less than five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group.

2. Proprietary Funds

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

I. Intergovernmental Revenues

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchases

Debt Service Funds

State Property Tax Relief

Capital Projects Funds

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services
Professional Development Block Grant
Early Childhood Education
Educational Management Information Systems
Public School Preschool
Title VI-B
Title I
Title VI
Preschool for the Handicapped
Instructional Materials Subsidy
Ohio Reads

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

Capital Project Funds

School Net
Interactive Video Distance Learning

Reimbursable Grants

General Fund

Driver Education
Vocational Education Travel/Salary

Proprietary

National School Lunch Program
National School Milk Program

Grants and entitlements amounted to over 52% of the District's operating revenue during the 2000 fiscal year.

I. Interfund Transactions

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

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

An analysis of the District's interfund transactions for fiscal year 2000 is presented in Note 5.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

K. Contributed Capital

Contributed capital reported in the Enterprise funds represents resources provided from other funds, other governments, and private sources that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. Contributed capital did not change during fiscal year 2000.

L. Compensated Absences

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

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

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

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

M. Long-Term Obligations

In general, Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from Governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due.

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

N. Fund Equity

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

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

O. Statutory Reserves

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

	<u>Instructional Materials</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 1999			\$32,039
Current Year Set-aside Requirement	\$219,192	\$219,192	41,025
Current Year Offsets		(144,532)	
Qualifying Disbursements	<u>(262,286)</u>	<u>(407,473)</u>	
Total	<u>(\$43,094)</u>	<u>(\$332,813)</u>	<u>\$73,064</u>
Cash Balance carried forward to FY 2000	<u>=====</u>	<u>=====</u>	<u>\$73,064</u>

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for budget stabilization	\$73,064
--	----------

P. Statement of Cash Flows

In September 1989, GASB issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds in Governmental Entities That Use Proprietary Fund Accounting. The District has presented a statement of cash flows for its Proprietary funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase) and all investments in the District's cash pool.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

Q. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

R. Parochial Schools

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

S. Restricted Assets

Restricted assets in the General fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established. See Note 2.O for detail of statutory reserves.

T. Estimates

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

U. Memorandum Only - Total Columns

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

3. ACCOUNTABILITY AND COMPLIANCE

A. Compliance

The following fund accounts had expenditures plus encumbrances in excess of appropriations:

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<u>Fund Type/Function</u>	<u>Excess</u>
<u>General Fund</u>	
Regular Instruction	\$118,411
Special Instruction	57,029
Other Instruction	19,824
Pupil	2,297
Operations and maintenance	54,720
Extracurricular activities	9,853
Pupil Transportation	2,766
<u>Special Revenue Funds</u>	
Public School Support Fund	
Instructional staff	555
Administration	15,671
District Managed Student Activity	
Community services	9,114
Extracurricular activities	27,662
Teacher Development	
Central	273
Public School Preschool	
Pupil	909
Administration	1,679
School Net Professional Development	
Instructional staff	300
Title VI-B	
Administration	3,333
Community services	59
Title VI	
Special Instruction	1,783
Telecommunications	
Regular Instruction	143
<u>Capital Projects Funds</u>	
Permanent Improvement	
Fiscal	104
Operations and maintenance	32,998
<u>Enterprise Funds</u>	
Food Service	
Purchased services	3,451
Capital outlay	6,843
Other	41
<u>Internal Service Funds</u>	
Self-Insurance	
Personal services	743
Purchased services	32,772

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In addition, at year end expenditures exceeded appropriations in the following funds by the following amounts:

<u>Fund</u>	<u>Excess of Expenditures over Appropriations</u>
General Fund	\$47,630
Public School Support Fund	6,087
Student Activities Fund	42,416
Professional Development Fund	271
Professional Development Grant Fund	300
E-Rate Fund	10,143
Preschool Fund	143
Capital Projects Fund	10,289
Adult Education Fund	44,707
Prescription Drug Fund	19,814

Although there were no funds with deficit cash balances at year end, there were 60 instances, throughout fiscal year 2000, for which disbursements were made that resulted in deficit balances ranging from \$28 to \$55,337, in the following funds: Bond Retirement Fund, Uniform School Supply Fund, Health Insurance Fund, Swim Team Fund, Title VI B Fund, Title I Fund, Raising the Bar Fund and Reducing Class Size Fund.

The District did not certify all obligations prior to the commitment being incurred as required by Ohio Revised Code § 5705.41(D).

B. Deficit Balances/Retained Earnings

Fund balances/retained earnings at June 30, 2000 included the following individual fund deficits:

<u>Enterprise Fund</u>	<u>Deficit Fund Balance/ Retained Earnings</u>
Uniform School Supplies	(\$4,880)

These GAAP deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be

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evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Cash on Hand: At year end, the District had \$375 in undeposited cash on hand which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents", but is not included in the total amount of deposits reported below.

Cash with Fiscal Agent: At year end, \$8,503 was on deposit with the District's fiscal agent for pass-through grants and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

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

Deposits: At year-end the carrying amount of the District's deposits was \$729,923 and the bank balance was \$921,520 (both amounts include \$100,000 in non-negotiable certificates of deposit, and \$405,031 in a money market account). Of the bank balance:

1. \$267,836 was covered by federal deposit insurance; and
2. \$653,684 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

	Category 3	Fair Value
U.S. Government Securities	\$3,716,040	\$3,716,040

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

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

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	Equity in Pooled Cash and Cash <u>Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$4,454,841	
Investments of the Cash Management Pool:		
U.S. Government Securities	(3,716,040)	3,716,040
Cash on Hand	(375)	
Cash with Fiscal Agent	(8,503)	
GASB Statement No. 3	<u>\$729,923</u>	<u>\$3,716,040</u>

5. INTERFUND TRANSACTIONS

A. Interfund Loans Payable/Receivable

Interfund balances at June 30, 2000, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans (Payable)</u>
General Fund	\$36,882	
Special Revenue Funds:		
Title VI-B		(\$6,220)
Title I		(10,662)
Enterprise Funds:		
Uniform School Supplies		(20,000)
Total Interfund Loans	<u>\$36,882</u>	<u>(\$36,882)</u>

B. The following is a reconciliation of the District's operating transfers for fiscal year 2000:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		(\$119,050)
Special Revenue Funds:		
Termination Benefits Fund	\$50,000	
District Managed Activity Fund	\$12,001	
Capital Projects Funds:		
Permanent Improvement	\$50,000	
Internal Service Funds:		
Employee Benefits Self-Insurance	7,049	
Total	<u>\$119,050</u>	<u>(\$119,050)</u>

6. PROPERTY TAXES

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

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

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

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

The assessed values upon which the fiscal year 2000 taxes were collected were as follows:

	1999 Second-half Collections		2000 First-half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Public Utility Real Estate	\$82,847,740	60.45%	\$103,042,730	64.83%
Commercial and Industrial Real Estate	19,385,790	14.15%	20,338,670	12.80%
Public Utility Personal	7,333,750	5.35%	7,211,070	4.54%
General Tangible Property	27,479,688	20.05%	28,342,077	17.83%
Total	<u>\$137,046,968</u>	<u>100.00%</u>	<u>\$158,934,547</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation				
Operations	23.50		22.90	
Debt Service	0.80		0.80	
Permanent Improvements	1.50		1.50	

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since

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an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2000 totaled \$201,342 in the General fund, \$7,030 in the Debt Service fund and \$8,615 in the Permanent Improvements fund.

7. INCOME TAX

The District levies a voted tax of one-half percent for general obligations on the income of residents and of estates. The tax was effective January 1, 1993, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General fund. Taxes receivable reported on the Combined Balance Sheet includes \$293,970 in income tax receivable.

8. RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts, interest, interfund loans, and intergovernmental grants and entitlements (to the extent such grants and/or entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds.

A summary of the principal items of receivables follows:

	Amounts
<u>General Fund</u>	
Taxes - Current and Delinquent	\$3,957,567
Accrued Interest	61,013
Interfund Loan Receivable	36,882
 <u>Special Revenue Funds</u>	
Due from Other Governments	70,766
 <u>Debt Service Fund</u>	
Taxes - Current and Delinquent	127,983
 <u>Capital Projects Fund</u>	
Taxes - Current and Delinquent	156,637
 <u>Expendable Trust Fund</u>	
Loans Receivable	27,191
 <u>Internal Service Fund</u>	
Accounts - Charges for Services	4,165

9. NOTES RECEIVABLE

The Hermiller-Lytle Scholarship Fund was established in 1974 through a will. Qualified students may borrow up to \$1,900 to pay for the costs of higher education. Repayments begin six months after termination of college attendance. Also at that time, the principal begins accruing interest at a rate

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of three percent per annum. At the close of fiscal year 2000, there were 46 loans outstanding, with a total principal balance of \$27,191.

10. FIXED ASSETS

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

	Balance at 7/1/99	Additions	Deletions	Balance at 6/30/00
Land/Improvements	\$497,308	\$85,836		\$583,144
Buildings	4,953,090			4,953,090
Furniture/Equipment	2,555,001	41,688	\$71,646	2,525,043
Vehicles	971,304	140,027	38,951	1,072,380
Total General Fixed Assets	<u>\$8,976,703</u>	<u>\$267,551</u>	<u>\$110,597</u>	<u>\$9,133,657</u>

A summary of the Proprietary fixed assets at June 30, 2000 follows:

Furniture and Equipment	\$172,515
Less: Accumulated Depreciation	<u>107,345</u>
Net Fixed Assets	<u>\$65,170</u>

11. LONG-TERM OBLIGATIONS

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

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

A. The following is a description of the District's bonds and loan outstanding as of June 30, 2000:

Purpose	Interest Rates	Issue Date	Maturity Date	Balance at 7/1/99	Retired in Fiscal 2000	Balance at 6/30/00
Construction Bonds	7.5%	7/01/86	12/01/10	\$600,000	\$50,000	\$550,000
Asbestos Removal Loan	None	5/31/94	5/31/07	16,015	2,000	14,015
Energy Conservation Bonds	4.0%	7/01/92	7/01/02	290,500	83,000	207,500
				<u>\$906,515</u>	<u>\$135,000</u>	<u>\$771,515</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$135,000	\$49,716	\$184,716
2002	135,000	41,348	176,348
2003	93,500	33,012	126,512
2004	52,000	28,125	80,125
2005	52,000	24,375	76,375
Thereafter	<u>304,015</u>	<u>67,500</u>	<u>371,515</u>
Total	<u>\$771,515</u>	<u>\$244,076</u>	<u>\$1,015,591</u>

- C.** During the year ended June 30, 2000, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and the pension obligation will be paid from the fund from which the employee is paid.

	<u>Balance at 7/1/99</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance at 6/30/00</u>
Compensated Absences	\$815,248	\$77,905	\$59,875	\$833,278
Asbestos Removal Loan	16,015		\$2,000	14,015
General Obligation Bonds	600,000		50,000	550,000
Pension Obligation	43,500	57,900	43,500	57,900
Energy Conservation Bonds	<u>290,500</u>		<u>83,000</u>	<u>207,500</u>
Total	<u>\$1,765,263</u>	<u>\$135,805</u>	<u>\$238,375</u>	<u>\$1,662,693</u>

D. Legal Debt Margin

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 code further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$14,030,448 (including available funds of \$290,354), an unvoted debt margin of \$140,920, and an unvoted energy conservation debt margin of \$1,222,911.

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disaster. During fiscal year 2000, the District contracted with Indiana Insurance for property insurance and fleet insurance and with Nationwide Insurance for liability insurance.

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Coverages provided by Indiana Insurance are as follows:

	<u>Deductible</u>	<u>Coverage</u>
Building and Contents - Replacement cost	\$1,000	\$15,409,254
Earthquake Coverage	5%	5,000,000
Boiler and Machinery - Limit per accident	1,000	15,374,954
Musical Instruments	25	149,070
Audio and Visual Equipment and Computers	25	112,279
Sign Floater	250	13,300
Miscellaneous Scheduled Property	100	41,641
Automobile Liability	0	1,000,000
Vehicle Collision	250	
Umbrella Liability		5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from fiscal 1999.

The District participates in the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Program (the "Plan"), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement. The GRP's business and affairs are conducted by a twenty-five member Board of Directors consisting of two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The Treasurer of Findlay City Schools serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The School District participates in the Putnam County Schools Insurance Group (PCSIG), an insurance purchasing pool consisting of nine local school districts and an educational service center. The experience of the participating school district is calculated as one experience and a common premium rate is applied to all school districts in the PCSIG. The School District pays monthly premiums to the Medical Mutual of Ohio for employee medical benefits.

The District provides prescription drug insurance benefits to employees through a self-insurance program. The premiums and related expenses are accounted for in the Health Insurance Internal Service Fund. All claims are paid by the 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 employees' unpaid deductible and maximum out of pocket expense.

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The liability for unpaid claims costs of \$7,764 reported in the Health Insurance Internal Service Fund at June 30, 2000 is based on a case by case review of all the claims paid after the balance sheet date. Changes in claims activity for the current and past four fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
1996	\$ 7,950	\$ 18,079	\$ 19,972	\$ 6,057
1997	6,057	118,172	112,942	11,287
1998	11,287	123,564	120,024	14,827
1999	14,827	161,910	163,722	13,015
2000	13,015	146,227	151,478	7,764

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 15. As such, no funding provisions are required by the District.

13. SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains four Enterprise funds to account for the operations of Food Services, Uniform School Supplies, Adult Education, and Preschool/Latchkey. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2000.

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Preschool/ Latchkey</u>	<u>Total</u>
Operating Revenue	\$347,714	\$35,737		\$42,703	\$426,154
Depreciation Expense	6,747			1,630	8,377
Operation Income (Loss)	(119,471)	1,300		39,593	(78,578)
Non-operating Revenue:					
Operating Grants	70,998				70,998
Donated Federal Commodities	47,636				47,636
Net Income (Loss)	(1,675)	1,300		39,593	39,218
Net Working Capital	39,901	(4,880)	\$402	314,980	350,403
Total Assets	127,171	15,120	402	327,563	470,256
Fixed Assets:					
Addition	7,258			2,258	9,516
Long-term Liabilities Payable					
from Fund Revenues	18,567				18,567
Contributed Capital	52,546				52,546
Total Fund Equity	75,421	(4,880)	402	326,063	397,006
Encumbrances at 6/30/00	4,861	3,093			7,954

14. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and

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beneficiaries. Authority to establish and amend benefits is established 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. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14 percent for 2000; 5.5 percent was the portion to fund pension obligations. During fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were 206,233, \$192,647, \$185,835, respectively; 54 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. 94,614, which represents the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were 710,218, \$643,935, and \$598,151, respectively; 84 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. 114,456, which represents the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

15. POSTEMPLOYMENT BENEFITS

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled 405,839 during the 2000 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 million at June 30, 1999. As of July 1, 1999, eligible benefit recipients totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were 249,929,000.

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

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126.4 million and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$115,310 during the 2000 fiscal year.

16. BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis).

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
Budget Basis	(\$176,981)	\$24,133	\$70,665	(\$231,390)
Net adjustment for revenue accruals	(64,780)	86,485	(1,823)	(3,800)
Net adjustment for expenditure accruals	60,792	(16,256)		46,720
Net adjustment for other financing sources/(uses)	4,691	(16,982)		
Adjustment for encumbrances	223,883	43,106		54,439
GAAP Basis	\$47,605	\$120,486	\$68,842	(\$134,031)

17. CONTINGENT LIABILITIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2000.

B. Litigation

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

C. School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$4,445,810 of school foundation support in total for its General fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26,

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

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

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

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

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
UNITED STATES DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education:</i>		
Nutrition Cluster:		
Food Distribution Program	-	10.550
National School Lunch Program	-	10.555
Total Department of Agriculture - Nutrition Cluster		
UNITED STATES DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education:</i>		
Title I Grants to Local Educational Agencies	49379-C1-S1-99 49379-C1-S1-99C 49379-C1-S1-00	84.010 84.010 84.010
Total Title I Grants		
Special Education Cluster:		
Special Education - Grants to States	49379-6B-SF-99 49379-6B-SF-00	84.027 84.027
Total Special Education - Grants to States		
Special Education - Preschool Grant	49379-PG-S1-00	84.173
Total Special Education Cluster		
Innovative Educational Program Strategies	49379-C2-S1-99 49379-C2-S1-99C 49379-C2-S1-00	84.298 84.298 84.298
Total Innovative Education Program		
Class Size Reduction	49379-CR-S1-2000	84.340
Goals 2000 - State and Local Education Systematic Improvement	49379-G2-S2-99	84.276
Technology Literacy Challenge Fund	49379-TF-XX-2000	84.318
Total Department of Education		
Totals		

The accompanying notes are an integral part of this schedule.

<u>Cash Receipts</u>	<u>Non-cash Receipts</u>	<u>Cash Disbursements</u>	<u>Non-cash Disbursements</u>
	\$44,580		\$47,636
<u>\$76,868</u>		<u>\$76,868</u>	
<u>76,868</u>	<u>44,580</u>	<u>76,868</u>	<u>47,636</u>
		6,979	
62,991		6,691	
<u>62,991</u>		<u>81,248</u>	
		94,918	
51,029		9,071	
<u>51,029</u>		<u>62,777</u>	
		71,848	
<u>9,509</u>		<u>8,542</u>	
<u>60,538</u>		<u>80,390</u>	
		1,160	
1,435		224	
<u>10,666</u>		<u>8,597</u>	
<u>12,101</u>		<u>9,981</u>	
6,213		20,711	
		3,504	
<u>252,000</u>		<u>339,170</u>	
<u>393,843</u>		<u>548,674</u>	
<u>\$470,711</u>	<u>\$44,580</u>	<u>\$625,542</u>	<u>\$47,636</u>

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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

NOTE C - FOOD DISTRIBUTION

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



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

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

To the Board of Education:

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

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-10269-001 through 2000-10269-003. We also noted certain immaterial instances of noncompliance, which we have reported to the management of the District in a separate letter dated December 12, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated December 12, 2000.

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

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

Jim Petro
Auditor of State

December 12, 2000



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

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

To the Board of Education:

Compliance

We have audited the compliance of Ottawa-Glandorf Local School District, Putnam County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

As described in item 2000-10269-004 in the accompanying schedule of findings, the District did not comply with requirements relating to equipment and real property management that are applicable to the Technology Literacy Challenge Fund program. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Ottawa-Glandorf Local School District, Putnam County complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000. We also noted a certain instance of noncompliance which does not require inclusion in this report that we have reported to the management of the District in a separate letter dated December 12, 2000.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

December 12, 2000

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under §.510?	Yes
(d)(1)(vii)	Major Programs (list):	Technology Literacy Challenge Fund - CFDA # 84.318
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2000-10269-001

Noncompliance Citation

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

The existence of a deficit balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund or funds carrying the deficit balance. There were 60 instances, throughout fiscal year 2000, for which disbursements were made that resulted in deficit balances ranging from \$28 to \$55,337, in the following funds:

**FINDING NUMBER 2000-10269-001
(Continued)**

Bond Retirement Fund, Uniform School Supply Fund, Health Insurance Fund, Swim Team Fund, Title VI-B Fund, Title I Fund, Raising the Bar Fund and Reducing Class Size Fund.

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

FINDING NUMBER 2000-10269-002

Noncompliance Citation

Ohio Revised Code § 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be considered null and void.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the purchase order or contract and at the time of the certificate, appropriated and free of any previous encumbrance, the Board of Education may authorize the issuance of a check in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1000, the fiscal officer may authorize it to be paid without the affirmation of the Board of Education, if such expenditure is otherwise valid.

Twenty percent of the transactions tested did not receive prior certification of the Treasurer, nor were they certified using a then-and-now certification. This procedure is not only required by Ohio law but is also a key control in the disbursement process to assure that purchase commitments receive prior approval, and to help reduce the possibility of District funds being expended or exceeding budgetary spending limitations as set by the Board.

To improve controls over disbursements we recommend that all District disbursements receive prior certification of the Treasurer and that the Board periodically review the expenditures made to ensure they are within appropriations adopted by the Board and recorded against appropriations.

FINDING NUMBER 2000-10269-003

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

Expenditure exceeded appropriations at the legal level of control in 19 percent of the District's appropriation accounts as of January 30, 2000. In addition, at year end expenditures exceeded appropriations in the following funds by the following amounts

**FINDING NUMBER 2000-10269-003
 (Continued)**

Fund	Excess of Expenditures over Appropriations
General Fund	\$47,630
Public School Support Fund	6,087
Student Activities Fund	42,416
Professional Development Fund	271
Professional Development Grant Fund	300
E-Rate Fund	10,143
Preschool Fund	143
Capital Projects Fund	10,289
Adult Education Fund	44,707
Prescription Drug Fund	19,814

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

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2000-10269-004

CFDA Title and Number	Technology Literacy Challenge Fund, CFDA # 84.318
Federal Award Number/Year	49379-TF-32-2000/FYE 6/30/00 49379-TF-33-2000/FYE 6/30/00 49379-TF-34-2000/FYE 6/30/00
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation

34 CFR 80.32 establishes the requirements for equipment purchased with Federal money. It requires local educational agencies to follow the requirements established by the agency codification of the A-102 Common Rule (34 CFR 80.32). In part, the A-102 Common Rule provides that "Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained"

FINDING NUMBER 2000-10269-004
(Continued)

The District purchased \$236,774 in equipment from the Technology Literacy Challenge Fund during fiscal year 2000. The District had not updated their inventory records to include any equipment purchased during fiscal year 2000 and there was no evidence a physical inventory had been performed. We recommend that the District include a detailed listing of all equipment purchased and identify equipment purchased with federal fund on the inventory list as having been purchased with federal funds. We considered this matter in forming our opinion on the financial statements.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-10269-001	ORC § 5705.10 deficit fund cash balances.	No	This finding has been repeated in this report, with no improvement noted.
1999-10269-002	ORC § 5705.41(B) expenditures in excess of appropriations	No	This finding has been repeated in this report, with no improvement noted.
1999-10269-003	OMB Circular A-133 paragraph 300 requirements for submitting a single audit within 9 months of year end.	Yes	



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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 16, 2001**