



**FORT RECOVERY LOCAL SCHOOL DISTRICT  
MERCER COUNTY**

**SINGLE AUDIT**

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



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

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**STATE OF OHIO**



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**REPORT OF INDEPENDENT ACCOUNTANTS**

Fort Recovery Local School District  
Mercer County  
P. O. Box 612  
207 South Gwendolyn Street  
Fort Recovery, Ohio 45846

To the Board of Education:

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Fort Recovery Local School District, Mercer County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type 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 February 16, 2000 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the Government, taken as a whole. The accompanying schedule of federal awards 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

February 16, 2000

**Fort Recovery Local School District**



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

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Assets and Other Debits:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,057,740	\$316,509	\$182,325	\$2,666,827
Investments:				
Investments	0	0	0	2,455,021
<b>Receivables:</b>				
Taxes	1,229,680	26,053	387,102	65,670
Accounts	2,507	2,062	0	0
Intergovernmental	0	0	0	0
Accrued Interest	512	0	0	0
Interfund Receivable	15,536	0	0	0
Materials and Supplies Inventory	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	72,410	0	0	0
Fixed Assets	0	0	0	0
Accumulated Depreciation	0	0	0	0
<b>Other Debits:</b>				
Amount in Debt Service for Retirement of Provided from General Government Resources	0	0	0	0
	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$2,378,385</b>	<b>\$344,624</b>	<b>\$569,427</b>	<b>\$5,187,518</b>
<b>Liabilities:</b>				
Accounts Payable	\$7,443	\$6,293	\$0	\$14,767
Contracts Payable	0	0	0	779,916
Accrued Wages and Benefits	501,705	8,717	0	0
Compensated Absences Payable	19,580	0	0	0
Interfund Payable	0	0	0	15,536
Intergovernmental Payable	66,948	5,879	0	0
Deferred Revenue	1,217,688	26,053	387,102	65,670
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
Notes Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
Asbestos Removal Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>1,813,364</b>	<b>46,942</b>	<b>387,102</b>	<b>875,889</b>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved:				
Reserved for Encumbrances	32,541	80,976	0	9,521,688
Reserved for Debt Service	0	0	182,325	0
Reserved for Property Taxes	11,992	0	0	0
Reserved for Bus Purchases	17,736	0	0	0
Reserved for Budget Stabilization	54,674	0	0	0
Unreserved:				
Designated for Budget Stabilization	42,895	0	0	0
Designated for Capital Improvement	13,312	0	0	0
Designated for Textbooks and Instructional Supplies	1,020	0	0	0
Unreserved, Undesignated	390,851	216,706	0	(5,210,059)
<b>Total Fund Equity and Other Credits</b>	<b>565,021</b>	<b>297,682</b>	<b>182,325</b>	<b>4,311,629</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$2,378,385</b>	<b>\$344,624</b>	<b>\$569,427</b>	<b>\$5,187,518</b>

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



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum)
		General Fixed Asset Account Group	General Long-Term Debt Account Group	
Enterprise	Trust and Agency			
\$150,138	\$43,139	\$0	\$0	\$4,416,678
0	0	0	0	2,455,021
0	0	0	0	1,708,505
61	0	0	0	4,630
4,692	0	0	0	4,692
0	0	0	0	512
0	0	0	0	15,536
7,524	0	0	0	7,524
0	0	0	0	72,410
108,606	0	8,009,513	0	8,118,119
(73,775)	0	0	0	(73,775)
0	0	0	182,325	182,325
0	0	0	3,759,622	3,759,622
<u>\$197,246</u>	<u>\$43,139</u>	<u>\$8,009,513</u>	<u>\$3,941,947</u>	<u>\$20,671,799</u>
\$0	\$0	\$0	\$0	\$28,503
0	0	0	0	779,916
23,550	0	0	0	533,972
13,584	0	0	289,333	322,497
0	0	0	0	15,536
16,826	51	0	29,828	119,532
4,960	0	0	0	1,701,473
0	6,803	0	0	6,803
0	36,285	0	0	36,285
0	0	0	155,000	155,000
0	0	0	56,794	56,794
0	0	0	111,290	111,290
0	0	0	3,299,702	3,299,702
<u>58,920</u>	<u>43,139</u>	<u>0</u>	<u>3,941,947</u>	<u>7,167,303</u>
0	0	8,009,513	0	8,009,513
13,452	0	0	0	13,452
124,874	0	0	0	124,874
0	0	0	0	9,635,205
0	0	0	0	182,325
0	0	0	0	11,992
0	0	0	0	17,736
0	0	0	0	54,674
0	0	0	0	42,895
0	0	0	0	13,312
0	0	0	0	1,020
0	0	0	0	(4,602,502)
<u>138,326</u>	<u>0</u>	<u>8,009,513</u>	<u>0</u>	<u>13,504,496</u>
<u>\$197,246</u>	<u>\$43,139</u>	<u>\$8,009,513</u>	<u>\$3,941,947</u>	<u>\$20,671,799</u>

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

	Governmental Fund Types				Totals (Memorandum)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
Intergovernmental	\$3,229,815	\$543,421	\$26,177	\$4,862,867	\$8,662,280
Interest	138,534	0	0	176,010	314,544
Tuition and Fees	31,021	0	0	0	31,021
Rent	5,420	0	0	0	5,420
Extracurricular Activities	0	108,562	0	0	108,562
Gifts and Donations	2,023	4,000	0	0	6,023
Customer Services	3,271	0	0	0	3,271
Income Tax	607,029	0	0	0	607,029
Property & Other Local Taxes	948,447	25,851	393,404	72,540	1,440,242
Miscellaneous	10,442	119,876	0	0	130,318
<b>Total Revenues</b>	<u>4,976,002</u>	<u>801,710</u>	<u>419,581</u>	<u>5,111,417</u>	<u>11,308,710</u>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	2,226,101	215,294	0	20,026	2,461,421
Special	252,984	132,642	0	140	385,766
Vocational	145,155	0	0	0	145,155
Other	81,174	0	0	0	81,174
<b>Support Services:</b>					
Pupils	206,297	106,378	0	0	312,675
Instructional Staff	276,042	122,902	0	1,158	400,102
Board of Education	15,223	0	0	3,520	18,743
Administration	445,371	12,400	0	184	457,955
Fiscal	164,011	696	6,513	12,231	183,451
Business	6,189	0	0	0	6,189
Operation and Maintenance of Plant	418,271	2,412	0	526,768	947,451
Pupil Transportation	236,675	3,000	0	0	239,675
Central	72,432	0	0	0	72,432
Extracurricular activities	128,769	84,449	0	0	213,218
Capital Outlay	0	0	0	3,300,226	3,300,226
<b>Debt Service:</b>					
Debt Service - Principal	0	0	3,612,146	0	3,612,146
Debt Service - Interest	0	0	202,255	0	202,255
<b>Total Expenditures</b>	<u>4,674,694</u>	<u>680,173</u>	<u>3,820,914</u>	<u>3,864,253</u>	<u>13,040,034</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>301,308</u>	<u>121,537</u>	<u>(3,401,333)</u>	<u>1,247,164</u>	<u>(1,731,324)</u>
<b>Other Financing Sources and Uses</b>					
Operating Transfers In	0	0	0	27,983	27,983
Proceeds from Sale of Bonds	0	0	3,459,364	0	3,459,364
Proceeds from Sale of Fixed Assets	1,525	0	0	0	1,525
Refund of Prior Year Expenditures	258	2,441	0	0	2,699
Other Financing Sources	271	0	12,162	0	12,433
Operating Transfers Out	(27,983)	0	0	0	(27,983)
Refund of Prior Year Receipts	0	(753)	0	0	(753)
Other Financing Uses	0	0	(64,623)	0	(64,623)
<b>Total Other Financing Sources (Uses)</b>	<u>(25,929)</u>	<u>1,688</u>	<u>3,406,903</u>	<u>27,983</u>	<u>3,410,645</u>
<b>Excess of Rev and Other over Exp and Other...</b>	275,379	123,225	5,570	1,275,147	1,679,321
<b>Fund Balance at Beginning of Year</b>	<u>289,642</u>	<u>174,457</u>	<u>176,755</u>	<u>3,036,482</u>	<u>3,677,336</u>
<b>Fund Balance at End of Year</b>	<u>\$565,021</u>	<u>\$297,682</u>	<u>\$182,325</u>	<u>\$4,311,629</u>	<u>\$5,356,657</u>

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

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

	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Intergovernmental	\$3,293,712	\$3,229,505	(\$64,207)	\$508,926	\$496,408	(\$12,518)
Interest	120,446	138,112	17,666	0	0	0
Tuition and Fees	32,200	32,617	417	0	0	0
Rent	5,420	5,420	0	0	0	0
Extracurricular Activities	0	0	0	89,186	108,903	19,717
Gifts and Donations	1,850	2,023	173	5,000	4,000	(1,000)
Customer Services	3,271	3,271	0	0	0	0
Income Tax	628,126	607,029	(21,097)	0	0	0
Property & Other Local Taxes	991,620	1,133,141	141,521	24,864	27,060	2,196
Miscellaneous	3,000	9,564	6,564	107,597	119,876	12,279
<b>Total Revenues</b>	<b>5,079,645</b>	<b>5,160,682</b>	<b>81,037</b>	<b>735,573</b>	<b>756,247</b>	<b>20,674</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	2,339,901	2,222,240	117,661	362,026	281,587	80,439
Special	243,022	238,655	4,367	96,562	90,346	6,216
Vocational	161,077	144,220	16,857	0	0	0
Other	84,140	83,108	1,032	0	0	0
<b>Support Services:</b>						
Pupils	216,635	205,696	10,939	121,858	107,886	13,972
Instructional Staff	288,337	277,039	11,298	171,047	128,152	42,895
Board of Education	16,914	13,206	3,708	0	0	0
Administration	475,422	449,665	25,757	14,545	12,628	1,917
Fiscal	168,107	164,692	3,415	712	695	17
Business	7,200	6,189	1,011	0	0	0
Operation and Maintenance of Plant	578,504	485,509	92,995	2,572	2,412	160
Pupil Transportation	301,790	237,195	64,595	3,000	3,000	0
Central	75,315	66,790	8,525	0	0	0
Extracurricular activities	130,976	129,052	1,924	112,217	101,313	10,904
Capital Outlay	0	0	0	0	0	0
<b>Debt Service:</b>						
Debt Service - Principal	0	0	0	0	0	0
Debt Service - Interest	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>5,087,340</b>	<b>4,723,256</b>	<b>364,084</b>	<b>884,539</b>	<b>728,019</b>	<b>156,520</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(7,695)</b>	<b>437,426</b>	<b>445,121</b>	<b>(148,966)</b>	<b>28,228</b>	<b>177,194</b>
<b>Other Financing Sources and Uses</b>						
<b>Operating Transfers In</b>	0	280,000	280,000	0	0	0
Proceeds from Sale of Long-Term Notes	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	500	1,525	1,025	0	0	0
Refund of Prior Year Expenditures	922	910	(12)	2,390	2,441	51
Advances In	0	56,242	56,242	0	54,650	54,650
Other Financing Sources	100	270	170	0	0	0
Operating Transfers Out	(307,983)	(307,983)	0	0	0	0
Refund of Prior Year Receipts	0	0	0	(753)	(753)	0
Advances Out	0	(70,186)	(70,186)	0	(56,066)	(56,066)
Other Financing Uses	(379,699)	0	379,699	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(686,160)</b>	<b>(39,222)</b>	<b>646,938</b>	<b>1,637</b>	<b>272</b>	<b>(1,365)</b>
<b>Excess of Rev and Other over Exp and Other...</b>	<b>(693,855)</b>	<b>398,204</b>	<b>1,092,059</b>	<b>(147,329)</b>	<b>28,500</b>	<b>175,829</b>
<b>Fund Balances at Beginning of Year</b>	592,919	592,919	0	183,149	183,149	0
Prior Year Encumbrances Appropriated	99,344	99,344	0	18,364	18,364	0
<b>Fund Balance at end of Year</b>	<b>(\$1,592)</b>	<b>\$1,090,467</b>	<b>\$1,092,059</b>	<b>\$54,184</b>	<b>\$230,013</b>	<b>\$175,829</b>

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

Debt Service			Capital Projects		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$25,831	\$26,177	\$346	\$11,754,353	\$4,862,867	(\$6,891,486)
0	0	0	175,000	176,009	1,009
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
367,801	393,606	25,805	60,464	74,454	13,990
0	0	0	0	0	0
<u>393,632</u>	<u>419,783</u>	<u>26,151</u>	<u>11,989,817</u>	<u>5,113,330</u>	<u>(6,876,487)</u>
0	0	0	48,115	39,134	8,981
0	0	0	140	140	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	1,245	1,245	0
0	0	0	3,813	3,520	293
0	0	0	383	283	100
6,683	6,513	170	12,365	12,231	134
0	0	0	0	0	0
0	0	0	801,541	628,622	172,919
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	14,710,116	13,252,971	1,457,145
3,662,146	3,612,146	50,000	0	0	0
252,256	202,256	50,000	0	0	0
<u>3,921,085</u>	<u>3,820,915</u>	<u>100,170</u>	<u>15,577,718</u>	<u>13,938,146</u>	<u>1,639,572</u>
<u>(3,527,453)</u>	<u>(3,401,132)</u>	<u>126,321</u>	<u>(3,587,901)</u>	<u>(8,824,816)</u>	<u>(5,236,915)</u>
0	0	0	0	27,983	27,983
3,389,194	3,389,194	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	15,536	15,536
13,469	17,710	4,241	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	(176)	(176)
0	0	0	0	0	0
<u>3,402,663</u>	<u>3,406,904</u>	<u>4,241</u>	<u>0</u>	<u>43,343</u>	<u>43,343</u>
(124,790)	5,772	130,562	(3,587,901)	(8,781,473)	(5,193,572)
176,553	176,553	0	2,297,332	2,297,332	0
0	0	0	1,290,744	1,290,744	0
<u>\$51,763</u>	<u>\$182,325</u>	<u>\$130,562</u>	<u>\$175</u>	<u>(\$5,193,397)</u>	<u>(\$5,193,572)</u>

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

	<b>Proprietary Fund Types</b>
	<b>Enterprise</b>
<b>Operating Revenues:</b>	
Tuition	\$25,297
Sales	165,483
Other Revenues	545
<b>Total Operating Revenues</b>	<b>191,325</b>
<b>Operating Expenses:</b>	
Salaries	112,839
Fringe Benefits	13,279
Purchased Services	9,947
Materials and Supplies	118,336
Depreciation	2,419
Other	400
<b>Total Operating Expenses</b>	<b>257,220</b>
<b>Operating Income (Loss)</b>	<b>(65,895)</b>
<b>Non-Operating Revenues and Expenses:</b>	
Federal Donated Commodities	27,747
Interest	3,622
Federal and State Subsidies	38,204
Loss on Sale of Fixed Assets	(1,497)
<b>Total Non-Operating Revenues and Expenses</b>	<b>68,076</b>
<b>Net Income</b>	<b>2,181</b>
Retained Earnings at Beginning of Year	122,693
Retained Earnings at End of Year	124,874
Contributed Capital at Beginning of Year	0
Contributions During the Year	13,452
Contributed Capital at End of Year	13,452
<b>Total Fund Equity at End of Year</b>	<b>\$138,326</b>

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

**COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Sales	\$165,468
Cash Received from Tuition and Fees	25,297
Other Cash Receipts	545
Cash Pmts. to Suppliers for Goods & Service	(92,722)
Cash Payments for Contract Services	(9,947)
Cash Payments for Employee Services	(91,100)
Cash Payments for Employee Benefits	(24,730)
Other Cash Payments	(830)
Net Cash Provided by (Used for) Operating Activities	(28,019)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Operating Grants Received	33,512
Net Cash Provided by (Used for) Noncapital Financing Activities	33,512
<b>Cash Flows from Investing Activities:</b>	
Interest on Investments	3,622
Net Cash Provided by (Used for) Investing Activities	3,622
Net Increase (Decrease) in Cash and Cash Equivalents	9,115
Cash & Cash Equivalents at Beginning of Year	141,023
<b>Cash &amp; Cash Equivalents at End of Year</b>	<b>\$150,138</b>
<b>Reconciliation of Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities:</b>	
<b>Operating Income (Loss)</b>	(\$65,895)
<b>Adjustments to Reconcile Operating Income (loss) To Net Cash Provided by (Used for) Operating Activities:</b>	
Depreciation	2,419
Donated Commodities Used During the Year	27,747
Adjustments to Capital Outlay	(1,965)
<b>(Increase) Decrease in Assets:</b>	
Accounts Receivable	(15)
Material and Supplies Inventory	237
<b>Increase (Decrease) in Liabilities:</b>	
Compensated Absences Payable	883
Intergovernmental Payable	2,018
Deferred Revenue	(717)
Accounts Payable	(118)
Accrued Wages and Benefits	7,387
Total Adjustments	37,876
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>(\$28,019)</b>

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

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

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

The School District was established in 1958 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 60 square miles. It is located in Mercer County, and includes the Village of Fort Recovery and portions of Gibson, Recovery, Washington, and Granville Townships in Mercer County and Allen and Mississinawa Townships in Darke County. The School District is the 501<sup>st</sup> largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by 37 non-certificated employees and 62 certificated full-time teaching who provide services to 969 students and other community members. The School District currently operates 3 instructional buildings, one administrative building, and one garage.

**Reporting Entity:**

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with seven organizations, which are defined as jointly governed organizations, insurance purchasing pools, and a related organization. These organizations include the Northwest Ohio Area Computer Services Cooperative, the West Central Ohio Special Education Regional Resource Center, the Mercer County Local Professional Development Center, the West Central Ohio Professional Development Center, the Acordia Worker's Compensation Group Rating Plan, the Mercer-Auglaize Employee Benefit Trust, and the Fort Recovery Public Library. These organizations are presented in Notes 17, 18, and 19 to the general purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis Of Presentation - Fund Accounting**

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

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

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

**Governmental Fund Types:**

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

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

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

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

**Capital Project Funds** - The capital project 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).

**Proprietary Fund Types:**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis Of Presentation - Fund Accounting (Continued)**

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

**Fiduciary Fund Types:**

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

**Account Groups:**

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

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

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

**B. Measurement Focus and Basis of Accounting**

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

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

**C. Budgetary Process**

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

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

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

**Tax Budget:**

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

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

**Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

**Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

**Encumbrances:**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

**Lapsing of Appropriations:**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. During fiscal year 1999, investments were limited to certificates of deposit, treasury notes, federal agency securities and mutual funds.

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

Following Ohio statutes, the Board of Education has by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$138,534.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

**E. Inventory**

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

**F. Prepaid Items**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Fixed Assets and Depreciation**

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

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

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

**H. Intergovernmental Revenues**

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

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

**Entitlements**

**General Fund**

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

**Non-Reimbursable Grants**

**Special Revenue Funds**

- Teacher Professional Development
- Education Management Information Systems
- School Net Professional Development
- Textbook/Instructional Materials Subsidy
- Parent Involvement Planning
- Eisenhower Grant
- Title I
- Title VI
- Drug Free School Grant
- Disadvantaged Pupil Programs Fund
- Excellence in Education
- Public School Preschool
- Title VI-B
- Telecommunication

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Intergovernmental Revenues (Continued)**

**Non-Reimbursable Grants (Continued)**

**Special Revenue Funds (Continued)**

- Miscellaneous State and Federal Grants
  - Learn and Serve America
  - Family and School Partnership
  - Raising the Bar
  - Networking for Systems Improvement

**Capital Projects Funds**

**SchoolNet**

- Technology Equity
- Emergency School Building Repair

**Reimbursable Grants**

**General Fund**

- Driver Education

**Proprietary Funds**

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 74 percent of the School District's operating revenue during the 1999 fiscal year.

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.



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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Compensated Absences (Continued)**

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for employees after 20 years of current service with the School District, or after 15 years of service and at least 45 years of age or after 10 years of service and at least 50 years old. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**K. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**L. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 21 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Fund Balance Reserves**

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

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

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

**O. Use of Estimates**

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

**P. Total Columns on General Purpose Financial Statements**

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

**3. FUND DEFICITS**

At June 30, 1999, the Title I and the Emergency Building and Repair Special Revenue Funds had deficit fund balances of \$2,284 and \$19,714, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**4. BUDGETARY BASIS OF ACCOUNTING**

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

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

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

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

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

	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
Budget Basis	\$398,204	\$28,500	\$5,772	(\$8,781,473)
Revenue Accruals	(184,680)	45,462	(202)	(1,914)
Expenditure Accruals	8,880	(38,649)	0	(241,351)
Other Sources/Uses	13,292	1,416	0	(15,360)
Encumbrances	39,683	86,496	0	10,315,245
GAAP Basis	\$275,379	\$123,225	\$5,570	\$1,275,147

**5. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**5. DEPOSITS AND INVESTMENTS (Continued)**

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 any securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to 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 through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).; and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse purchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Cash on Hand** At fiscal year end, the School District had \$900 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

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

**Deposits:** At fiscal year end, the carrying amount of the School District's deposits was \$3,589,664 and the bank balance was \$3,684,766. Of the bank balance, \$402,299 was covered by federal depository insurance and the remainder was covered by collateral held third party trustees pursuant to Section 135.181, Revised Code, in collateralized pools securing all public funds on deposit with each specific depository institution.

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

**5. DEPOSITS AND INVESTMENTS (Continued)**

**Investments:** The School District's investments are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterpart's Trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterpart or its Trust department but not in the School District's name. Investments in mutual funds are not classified since they are not evidenced by securities that exist in physical or book entry form.

	<u>Category</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Federal Agency Securities	1	\$2,455,021	\$2,455,021
Mutual Funds	N/A	898,524	898,524
Total Investments		<u>\$3,353,545</u>	<u>\$3,353,545</u>

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

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement 9	\$4,489,088	\$2,455,051
Cash on Hand	(900)	0
Mutual Funds	(898,524)	898,524
GASB Statement 3	<u>\$3,589,664</u>	<u>\$3,353,545</u>

**6. PROPERTY TAXES**

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

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

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

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

**6. PROPERTY TAXES (Continued)**

The School District receives property taxes from Mercer County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$11,292 in the General Fund. The assessed values upon which fiscal year 1999 taxes were collected are:

	<b>1998 Second- Half Collections</b>		<b>1999 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$44,561,580	81%	\$46,089,890	81%
Public Utility	3,683,530	7%	3,681,100	7%
Tangible Personal Property	6,733,140	12%	6,795,810	12%
<b>Total Assessed Value</b>	<b>\$54,978,250</b>	<b>100%</b>	<b>\$56,566,800</b>	<b>100%</b>
Tax rate per \$1,000 of assessed valuation	\$36.05		\$36.05	

**7. INCOME TAX**

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, 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 School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**8. RECEIVABLES**

Receivables at June 30, 1999, consisted of property and income taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. 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 fiscal year guarantee of federal funds.

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

**8. RECEIVABLES (Continued)**

A summary of the principal items of receivables follows:

	<b>Amounts</b>
General Fund	
Taxes	\$1,229,680
Accounts	2,507
Accrued Interest	512
Special Revenue Funds	
Accounts	2,062
Taxes	26,053
Debt Service Fund	
Taxes	387,102
Capital Project Fund	
Taxes	65,670
Enterprise Fund	
Accounts	61
Intergovernmental	4,692
Total	\$1,718,339

**9. FIXED ASSETS**

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

Furniture and Equipment	\$108,606
Less: Accumulated Depreciation	(73,775)
Net Fixed Assets	\$34,831

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

<b>Asset Category</b>	<b>Balance at 6/30/98</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 6/30/99</b>
Land & Improvements	\$346,640	\$696,379	\$0	\$1,043,019
Buildings & Improvements	1,724,829	180,690	0	1,905,519
Furniture and Equipment	1,394,005	165,719	117,421	1,442,303
Vehicles	545,522	56,867	0	602,389
Construction in Progress	450,000	2,566,283	0	3,016,283
Totals	\$4,460,996	\$3,665,938	\$117,421	\$8,009,513

**10. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District's insurance coverage was as follows:

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

**10. RISK MANAGEMENT (Continued)**

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and Contents-replacement cost	\$500	\$13,414,980
Inland Marine Coverage	100	442,329
Crime Insurance		
- in building	0	2,000
- in transit	0	1,000
Automobile Liability	250	2,000,000
Uninsured Motorists	0	1,000,000
General Liability		
Per occurrence	0	2,000,000
Per year		5,000,000

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

**Worker's Compensation Group Program**

The School District participates in the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 18). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

**11. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Fort Recovery Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SERS, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.



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

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

**A. School Employees Retirement System (Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$46,377, \$60,406, and \$58,792, respectively; 6 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$43,656 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The Fort Recovery Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefits are established by Chapter 3307, of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

For the fiscal year ended June 30, 1999, plan members are required to contribute 9.3 percent of their annual salary. The School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion to fund pension obligations was 10.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$139,534, \$292,684, and \$261,596, respectively; 62 percent has been contributed for fiscal year 1998 and 100 percent for the fiscal years 1998 and 1997. \$52,790 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

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

**12. POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year ended June 30, 1999, the STRS board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase of 3.5 percent for fiscal year 1999. For the School District this amount equaled \$186,869 during 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

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

For the School District, the amount to fund health care benefits, including surcharge, equaled \$45,174 during the 1999 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expense for health care at June 30 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**13. EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**13. EMPLOYEE BENEFITS (Continued)**

**A. Compensated Absences (Continued)**

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 140 days for all personnel. Upon retirement, payment is made for accrued, but unused sick leave credit to a maximum of 55 days for all employees.

**B. Life Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

**C. Supplemental Severance Payment for Retirement at Initial Eligibility**

The purpose of the Retirement at Initial Eligibility program is to provide a financial incentive to teachers to consider beginning their service retirement during their first year of retirement eligibility under State Teachers Retirement System (STRS) standards. Full time teachers who notify the Board of Education by April 1 that they intend to begin their STRS service retirement no later than the start of the succeeding school year, and who begin their STRS service retirement eligibility, shall be eligible to receive an additional (40) days of severance pay. This payment shall supplement any other severance pay to which the teacher would otherwise be entitled due to sick leave accumulation. The supplemental payment will be made to the teacher on the first pay period in January following retirement.

To be eligible for this supplemental severance payment, the retiring teacher must have completed at least ten years or its equivalent of regular, full time employment in the Fort Recovery Local Schools, and must complete all obligations under his/her contract for the current school year through the end of May. In other words, a teacher who begins his/her service retirement during the school year and prior to June 1 is ineligible for a supplemental payment under this program.

It is the expressed intent of both the Board and FREA that teachers will be eligible for a supplemental severance payment under this program only once - at their first year of STRS service retirement eligibility. The determination of the first year of STRS retirement eligibility shall include any retirement credit, which the employee is eligible to purchase, but has not yet purchased.

For all teacher retirements under this program after 09/01/92, it shall be the employee's responsibility to provide acceptable written verification that his/her retirement date will indeed be the first time he/she will be eligible for STRS service retirement.

This supplemental severance payment for full time teachers shall be prorated for part-time teachers in proportion to their current percentage of a full time contract.

This program may be reviewed annually by the Board and/or FREA. Each party will have the option of discontinuing this program for the succeeding calendar year, upon written notification to the other party. In addition, the Board may annually unilaterally adjust the actual numbers of days of supplemental severance pay without incurring a duty to further bargain this policy with the association.

The liability for the Special Termination Benefits is reported as a component of Compensated Absences.

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

**14. LONG-TERM OBLIGATIONS**

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

	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Outstanding</u> <u>6/30/98</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal</u> <u>Outstanding</u> <u>6/30/99</u>
<u>General Long-Term Obligations:</u>					
General Obligation Bonds					
1998 School Improvement Issue					
Serial and Term Bonds	3.75 - 4.9%	\$0	3,205,000	100,000	\$3,105,000
Capital Appreciation Bonds	7.5%	0	194,702	0	194,702
1986 Asbestos Removal Loan	0%	65,581	0	8,744	56,837
1989 Asbestos Removal Loan	0%	60,186	0	5,733	54,453
1991 Energy Conservation Loan	4.08%	93,964	0	37,170	56,794
1998 Bond Anticipation Note	4.23%	3,390,500	0	3,390,500	0
1996 Permanent Improvement Note	4.25%	225,000	0	70,000	155,000
Total Long-Term Bonds and Loans		3,835,231	3,399,702	3,612,147	3,622,786
Pension Obligation		42,163	0	12,335	29,828
Compensated Absences		265,416	23,917	0	289,333
Total Long-Term Obligations		<u>\$4,142,810</u>	<u>\$3,423,619</u>	<u>\$3,624,482</u>	<u>\$3,941,947</u>

**School Improvement General Obligation Bonds** - On August 1, 1998, Fort Recovery Local School District issued \$3,389,193 in voted general obligation bonds for the purpose of acquisition, construction and toher improvements to buildings and structures. The bond issue included serial, term and capital appreciation bonds in the amount of \$1,705,000, \$1,500,000, and \$184,193, respectively. The bonds will be retired with a voted property tax levy from the debt service fund.

The term bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, on December 1, in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2014	\$190,000
2015	195,000
2016	205,000
2017	215,000
2018	225,000
2019	235,000

Unless previously redeemed, the remaining principal amount of \$235,000 will mature at stated maturity (December 1, 2020).

The term bonds maturing on or after December 1, 2009 are subject to optional redemption, in whole or in part of any date in inverse order of maturity and by lot within a maturity, in integral multiples of \$5,000 at the option of the School District on or after December 1, 2008 at the redemption prices (expressed as percentages of the principal amount to be redeemed) set forth below, plus accrued interest to the redemption date:

<u>Redemption Dates</u> <u>(Dates Inclusive)</u>	<u>Redemption</u> <u>Prices</u>
December 1, 2008 through November 30, 2009	101%
December 1, 2009 and thereafter	100

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

**14. LONG-TERM OBLIGATIONS (Continued)**

The capital appreciation bonds will mature in fiscal years 2011 through 2013 and are not subject to redemption prior to maturity. The maturity amount of the bonds is \$525,000. For fiscal year 1999, \$10,509 was accreted for a total bond value of \$194,702.

**EPA Asbestos Loan** - On August 13, 1986, the Fort Recovery Local School District obtained a loan for asbestos removal. The loan was issued for a twenty fiscal year period with final maturity during fiscal year 2006 and no interest. The loan will be retired from the debt service fund.

**EPA Asbestos Loan** - On June 2, 1989, the Fort Recovery Local School District obtained a loan for asbestos removal. The loan was issued for a twenty fiscal year period with final maturity during fiscal year 2009 and no interest. The loan will be retired from the debt service fund.

**Energy Conservation Loan** - On January 3, 1991, the Fort Recovery Local School District issued unvoted general obligation notes for providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2001 with an interest rate of 4.08 percent. The loan will be retired from the debt service fund.

**Permanent Improvement Note** - On January 1, 1996, the Fort Recovery Local School District issued in unvoted general obligation notes for the building improvements. The notes were issued for a five year period with final maturity during fiscal year 2001 with an interest rate of 4.25 percent. The notes will be retired from the debt service fund.

**General Obligation Bond Anticipation Note** – On May 28, 1998, the Fort Recovery Local School District issued a bond anticipation note. The note reaches maturity on November 24, 1998 and has an interest rate of 4.23 percent. The note proceeds were deposited in the Capital Projects Fund. The payment of the note will be from the Debt Service Fund.

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

The School District's voted legal debt margin was \$1,646,819 with an unvoted debt margin of \$56,567 at June 30, 1999.

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

Fiscal year Ending June 30,	Total
2000	\$373,539
2001	352,394
2002	246,799
2003	247,621
2004	253,082
2005-2009	1,305,702
2010-2014	1,252,913
2015-2019	1,275,735
2020-2021	493,030
Total	\$5,800,815

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

**15. INTERFUND ACTIVITY**

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

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$15,536	\$0
Capital Projects fund	0	15,536
Total All Funds	<u>\$15,536</u>	<u>\$15,536</u>

**16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains four enterprise funds to account for the operations of food service, uniform school supplies, adult education, and special enterprise. The table below reflects the more significant financial data relating to the enterprise funds of the Fort Recovery Local School District as of and for the fiscal year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Special Enterprise</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$162,112	\$3,371	\$635	\$25,207	\$191,325
Depreciation Expense	1,440	0	0	979	2,419
Operating Income (Loss)	(69,265)	1,222	(467)	2,615	(65,895)
Donated Commodities	27,747	0	0	0	27,747
Grants	38,204	0	0	0	38,204
Interest	3,622	0	0	0	3,622
Net Income (Loss)	(1,189)	1,222	(467)	2,615	2,181
Fixed Asset Additions	0	0	0	21,478	21,478
Net Working Capital	69,519	2,382	7	31,587	103,495
Total Assets	\$133,129	\$2,382	\$7	\$61,728	\$197,246
Total Liabilities	\$45,883	\$0	\$0	\$13,037	\$58,920
Total Equity	\$87,246	\$2,382	\$7	\$48,691	\$138,326

**17. JOINTLY GOVERNED ORGANIZATIONS**

**Northwest Ohio Area Computer Services Cooperative** – The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among forty-seven school districts. The jointly governed 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. Each of the governments of these schools supports NOACSC based upon a per pupil charge dependent upon the software package utilized.

The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent, the two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained by contacting Michael Wildermuth, who serves as Director, at 645 South Main Street, Lima, Ohio 45804.

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

**17. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**The West Central Ohio Special Education Regional Resource Center (SERRC)** – The SERRC is a jointly governed organization among school districts in Allen, Auglaize, Champion, Hardin, Logan, Mercer and Shelby Counties. The purpose of the jointly governed organization is to assist schools to develop quality special education programs and services. The governing board is made up of superintendents from the schools, parents of children with disabilities, representatives of charter nonpublic schools and universities. Currently, the School District does not have a representative on the governing and advisory board. The School District is unable to impose its will on the SERRC and no financial benefit/burden relationship exists. During fiscal year 1999, the School District did not contribute any funds to SERRC.

**Mercer County Local Professional Development Committee** -The School District is a participant in the Mercer County Local Professional Development Committee (the Committee) which is a regional council of governments established to provide professional educator license renewal standards and procedures. The Committee is governed by an 11 member board made up of six teachers, two building principals, one superintendent, and two members employed by the Mercer County Educational Service Center with terms of two years. The degree of control exercised by any participating school district is limited to its representation on the Board. The Committee is an association of public school districts within the boundaries of Mercer County. Financial information can be obtained from the Mercer County Educational Service Center, 441 East Market Street, Celina, Ohio 45822.

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

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

**18. INSURANCE PURCHASING POOL**

**Acordia Workers' Compensation Group Rating Plan** - The School District participates in the Acordia Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool. The Plan is governed by the Northwest Ohio Area Computer Services Cooperative (NOACSC) and the participating members. The President of NOACSC Board of Governors coordinates the management and administration of the program. Each year, the participating members pay an enrollment fee to cover the costs of administering the program.

**Mercer-Auglaize Employee Benefit Trust** - The organization is governed by the Mercer-Auglaize Area Schools Regional Council of Governments, whose members are comprised of the Superintendent of each member school. This self-funded self-insurance consortium was formed to provide health and medical benefits to the members' employees. District Boards of Education appoint a representative to serve on the Board of Directors. A chairman and secretary are elected by the members. The Board of Directors selects the carrier, consultant and third party administrator, and approves the contribution rate necessary to fund the programs. Monthly premiums are paid into a trust account by the members. The entire program is administered by a third party administrator.

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

**19. RELATED ORGANIZATION**

**Fort Recovery Public Library** - The Fort Recovery Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Fort Recovery Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Fort Recovery Public Library, Pam Fullenkamp, Clerk/Treasurer, at 113 North Wayne Street, Fort Recovery, Ohio 45846.

**20. CONTRACTUAL COMMITMENTS**

As of June 30, 1999, the School District had contractual purchase commitments for construction of a new elementary school and the addition of an elevator to the high school as follows:

<b>Contractor</b>	<b>Contractual Amount</b>
<b>Elementary Building</b>	
Fanning/Howey Associates	\$132,788
Jutte Excavating, Inc.	723,764
Peterson Construction Company	5,218,376
Hank's Plumbing & Heating Company	1,735,439
Capital City Fire Protection, Inc.	100,091
Koester Electric, Inc.	1,425,598
Famham Equipment Company	416,250
The Wasserstrom Company	259,499
Total	<u>\$10,011,805</u>
 <b>Elevator Addition</b>	
Peterson Construction Company	86,314
Ohio Plumbing & Electrical Company	23,900
Total	<u>\$110,214</u>

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

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

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



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

**21. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)**

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$17,275	\$17,275
Current Year Set-aside Requirement	74,282	74,282	37,399	185,963
Current Year Offsets	(14,338)	(154,904)	0	(169,242)
Qualifying Disbursements	(123,386)	(55,515)	0	(178,901)
Total	<u>(\$63,442)</u>	<u>(\$136,137)</u>	<u>\$54,674</u>	<u>(\$144,905)</u>
Cash Balance Carried Forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$54,674</u>	<u>\$54,674</u>
Amount restricted for bus purchases				<u>17,736</u>
Total Restricted Cash and Cash Equivalents				<u>\$72,410</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

**22. STATE SCHOOL FUNDING**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly 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 School District. During the fiscal year ended June 30, 1999, the School District received \$3,037,954 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided moneys to build schools and furnish classrooms. As of June 30, 1999, the School District had received a total of \$4,495,121 million under this program.

Since the Supreme Court Ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws, and in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in the Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional. As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

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

**23. CONTINGENCIES**

**Grants**

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Project Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
Passed Through Ohio Department of Education:						
Food Distribution Program		10.550	0	6,860	0	8,681
National School Lunch Program	048595-03-PU-00	10.555	32,303	0	\$32,303	0
Total U.S. Department of Agriculture			<u>32,303</u>	<u>6,860</u>	<u>32,303</u>	<u>8,681</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
Passed Through Ohio Department of Education:						
Goals 2000 - State and Local Education Systematic Improvement Grants						
Networking for Systematic Improvement	048595-G2-S2-98C	84.276	96,353	0	141,807	0
	048595-G2-S2-99	84.276	40,000	0	0	0
Total Networking for Systematic Improvement			<u>136,353</u>	<u>0</u>	<u>141,807</u>	<u>0</u>
Family and School Partnership	048595-G2-S4-98	84.276	(753)	0	0	0
	048595-G2-S4-00	84.276	6,000	0	5,133	0
Total Goals 2000 - State and Local Education Systematic Improvement Grants			<u>141,600</u>	<u>0</u>	<u>146,940</u>	<u>0</u>
Title I Grants to Local Educational Agencies	048595-C1-S1-98	84.010	0	0	8,390	0
	048595-C1-S1-99	84.010	50,697	0	43,435	0
Total Title I Grants to Local Educational Agencies			<u>50,697</u>	<u>0</u>	<u>51,825</u>	<u>0</u>
Technology Literacy Challenge Fund Grants	048595-TF-S1-99	84.318	162,500	0	110,892	0
Vocational Education - Basic Grants to States	FY99	84.048	0	0	3,379	0
Innovative Education Program Strategies	048595-C2-S1-99	84.298	3,736	0	1,375	0
Drug Free School Grant	FY98	84.166	1,802	0	1,811	0
	FY99	84.166	1,207	0	944	0
Total Drug Free School Grant			<u>3,009</u>	<u>0</u>	<u>2,755</u>	<u>0</u>
Eisenhower Grant	048546-MS-S1-98	84.164	3,201	0	1,784	0
Total U.S. Department of Education			<u>364,743</u>	<u>0</u>	<u>318,950</u>	<u>0</u>
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>						
Passed Through Ohio Department of Education:						
Learn and Serve America - School and Community Based	048595-SV-S1-98	94.004	0	0	1,788	0
Total Corporation for National and Community Service			<u>0</u>	<u>0</u>	<u>1,788</u>	<u>0</u>
<b><u>FEDERAL COMMUNICATIONS COMMISSION</u></b>						
E-rate	FY99	84.XXX	3,143	0	0	0
Total Federal Communications Commission			<u>3,143</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$400,189</u>	<u>\$6,860</u>	<u>\$353,041</u>	<u>\$8,681</u>

The accompanying notes to this schedule are an integral part of this schedule.

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**NOTE A –SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B -NUTRITION CLUSTER**

Nonmonetary 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. At June 30, 1999, the District had \$ 5,559 in donated food commodity inventory.

**NOTE C - MATCHING REQUIREMENTS**

Certain federal programs require that the District contribute non-federal funds (matching funds) to support the federally-funded programs. The expenditure of non-federal funds is not included on the Schedule.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Fort Recovery Local School District  
Mercer County  
P. O. Box 612  
207 South Gwendolyn Street  
Fort Recovery, Ohio 45846

To the Board of Education:

We have audited the financial statements of Fort Recovery Local School District, Mercer County, (the School District) as of and for the year ended June 30, 1999, and have issued our report thereon dated February 16, 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 School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated February 16, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School 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. However, we noted an instance involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 1999-10254-001.

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. 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated February 16, 2000.

This report is intended for the information and use of the audit committee, management, the Board of Education, and 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

February 16, 2000



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

Fort Recovery Local School District  
Mercer County  
P. O. Box 612  
207 South Gwendolyn Street  
Fort Recovery, Ohio 45846

To the Board of Education:

**Compliance**

We have audited the compliance of Fort Recovery Local School District, Mercer County, (the School 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 its major federal programs for the year ended June 30, 1999. The School 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 School District's management. Our responsibility is to express an opinion on the School 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 School 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 School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

**Internal Control Over Compliance**

The management of the School 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 School 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. We noted one instance involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the School District in a separate letter dated February 16, 2000.

This report is intended for the information and use of the audit committee, management, the Board of Education, and 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

February 16, 2000



**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED JUNE 30, 1999**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>Yes</b>
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	<b>No</b>
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<b>Goals 2000 - CFDA #84.276 Technology Literacy Challenge Fund Grant - CFDA #84.318</b>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	<b>Type A: &gt; \$ 300,000 Type B: all others</b>
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	<b>No</b>

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**FOR THE YEAR ENDED JUNE 30, 1999**  
**(Continued)**

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

<b>Finding Number</b>	<b>1999-10254-001</b>
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**FIXED ASSETS**

The amounts reported by the District on the general purpose financial statements and the notes to the general purpose financial statements (in the General Fixed Assets Account Group) did not agree to the District's Brief Asset Listing and no additional procedures were performed to reconcile the Listing to the amounts reported.

The failure to reconcile the Brief Asset Listing (which contain individual assets and category totals) to amounts reported on the general purpose financial statements could result in significant errors occurring without being detected by employees in the normal course of business.

District personnel should ensure that the amounts reported on the general purpose financial statements and the notes to the general purpose financial statements reconcile with the Brief Asset Listing.

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

None.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**FORT RECOVERY LOCAL SCHOOL DISTRICT**

**MERCER 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  
MARCH 14, 2000**