



**LEIPSIC LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 1999 AND 1998**



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

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

Leipsic Local School District  
Putnam County  
232 Oak Street  
Leipsic, Ohio 45856-1312

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Leipsic Local School District, Putnam County, Ohio, (the District) as of and for the years ended June 30, 1999 and 1998, 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 audits.

We conducted our audits 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 audits provide 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 Leipsic Local School District, Putnam County, Ohio, as of June 30, 1999 and June 30, 1998, and the results of its operations and the cash flows of its proprietary fund types for the years then ended in conformity with generally accepted accounting principles.

As described in note 3 to the general-purpose financial statements, during fiscal year 1998 the District changed its method of accounting for investments.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

**Jim Petro**  
Auditor of State

December 17, 1999



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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$675,995	\$164,304		\$102,561
Cash and Cash Equivalents:				
In Segregated Accounts			\$619	
With Fiscal Agents		6,758		
Receivables:				
Property and Other Local Taxes	1,635,029			40,327
Accounts	181	625		21,662
Accrued Interest	4,714	4		419
Intergovernmental	2,135	25,116		
Interfund Receivable	57,382			
Due from Other Funds				
Inventory Held for Resale				
Material and Supplies Inventory				
Prepaid Items	16,229	518		
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	46,330			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
<b>Other Debits:</b>				
Amount to be Provided from				
General Government Resources				
<b>Total Assets and Other Debits</b>	<b><u>\$2,437,995</u></b>	<b><u>\$197,325</u></b>	<b><u>\$619</u></b>	<b><u>\$164,969</u></b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$41,505	\$40,384		\$32,349
Accrued Wages and Benefits	284,243	10,644		
Compensated Absences Payable	4,110			
Intergovernmental Payable	73,925	1,889		839
Interfund Payable		54,147		
Due to Other Funds	4,345			
Deferred Revenue	1,426,143			
Due to Students				
Notes Payable				
Matured Interest Payable			\$619	
Severance Payable	7,975			
Total Liabilities	<u>1,842,246</u>	<u>107,064</u>	<u>619</u>	<u>33,188</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings				
Fund Balance:				
Reserved for Budget Stabilization	46,330			
Reserved for Encumbrances	8,598	54,947		29,068
Reserved for Property Taxes	128,232			
Designated for Budget Stabilization	48,218			
Unreserved and Undesignated	364,371	35,314		102,713
Total Fund Equity and Other Credits	<u>595,749</u>	<u>90,261</u>		<u>131,781</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b><u>\$2,437,995</u></b>	<b><u>\$197,325</u></b>	<b><u>\$619</u></b>	<b><u>\$164,969</u></b>

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



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$51,899		\$221,660			\$1,216,419
					\$619
					\$6,758
					1,675,356
1,460		635			24,563
		4,496			9,633
10,041					37,292
					57,382
145	\$4,200				4,345
11,595					11,595
1,265					1,265
					16,747
					46,330
30,719			\$4,381,097		4,411,816
				\$1,373,687	1,373,687
<b>\$107,124</b>	<b>\$4,200</b>	<b>\$226,791</b>	<b>\$4,381,097</b>	<b>\$1,373,687</b>	<b>\$8,893,807</b>
\$1,941	\$4,200	\$1,492			\$121,871
10,965					305,852
				\$449,375	453,485
9,706				35,697	122,056
3,113		122			57,382
					4,345
6,506					1,432,649
		15,293			15,293
				884,504	884,504
					619
				4,111	12,086
32,231	4,200	16,907		1,373,687	3,410,142
			\$4,381,097		4,381,097
74,893					74,893
					46,330
		18,452			111,065
					128,232
					48,218
		191,432			693,830
74,893		209,884	4,381,097		5,483,665
<b>\$107,124</b>	<b>\$4,200</b>	<b>\$226,791</b>	<b>\$4,381,097</b>	<b>\$1,373,687</b>	<b>\$8,893,807</b>

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
AS OF JUNE 30, 1998**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$369,844	\$87,414		\$121,161
Cash and Cash Equivalents:				
In Segregated Accounts			\$619	
Cash and Cash Equivalents:				
With Fiscal Agents		4,517		
Receivables:				
Property and Other Local Taxes	1,480,109			41,099
Accounts	10			
Accrued Interest	2,841	4		371
Intergovernmental	1,693			
Due from Other Funds				
Inventory Held for Resale				
Material and Supplies Inventory				
Prepaid Items	15,537	476		
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	16,037			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
<b>Other Debits:</b>				
Amount to be Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<b><u>\$1,886,071</u></b>	<b><u>\$92,411</u></b>	<b><u>\$619</u></b>	<b><u>\$162,631</u></b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$41,676	\$22,817		\$13,012
Accrued Wages and Benefits	282,431	9,938		
Compensated Absences Payable	6,843			
Intergovernmental Payable	87,199	3,714		671
Due to Other Funds	3,978			
Deferred Revenue	1,262,022			
Due to Students				
Notes Payable				
Claims Payable				
Matured Interest Payable			\$619	
Severance Payable	43,804			
Total Liabilities	<u>1,727,953</u>	<u>36,469</u>	<u>619</u>	<u>13,683</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings				
Fund Balance:				
Reserved for Budget Stabilization	16,037			
Reserved for Encumbrances	6,533	1,652		28,666
Reserved for Property Taxes	135,890			
Unreserved: Undesignated	(342)	54,290		120,282
Total Fund Equity and Other Credits	<u>158,118</u>	<u>55,942</u>		<u>148,948</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b><u>\$1,886,071</u></b>	<b><u>\$92,411</u></b>	<b><u>\$619</u></b>	<b><u>\$162,631</u></b>

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$65,043	\$10,000	\$237,478			\$890,940
					619
					4,517
					1,521,208
1,014	5,000	185			6,209
		327			3,543
1,658					3,351
	3,978				3,978
9,058					9,058
1,170					1,170
17					16,030
					16,037
23,743			\$4,217,124		4,240,867
				\$1,367,682	1,367,682
<b>\$101,703</b>	<b>\$18,978</b>	<b>\$237,990</b>	<b>\$4,217,124</b>	<b>\$1,367,682</b>	<b>\$8,085,209</b>
\$2,272		\$766			\$80,543
13,687					306,056
				392,350	399,193
10,050				24,020	125,654
					3,978
3,646					1,265,668
		20,920			20,920
				951,312	951,312
	4,625				4,625
					619
					43,804
29,655	4,625	21,686		1,367,682	3,202,372
			4,217,124		4,217,124
72,048	14,353				86,401
					16,037
		2,163			39,014
					135,890
		214,141			388,371
72,048	14,353	216,304	4,217,124		4,882,837
<b>\$101,703</b>	<b>\$18,978</b>	<b>\$237,990</b>	<b>\$4,217,124</b>	<b>\$1,367,682</b>	<b>\$8,085,209</b>

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

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Revenues:</b>		
Property and Other Local Taxes	\$1,920,547	
Intergovernmental	2,354,202	\$311,465
Interest	44,492	261
Tuition and Fees	2,786	
Extracurricular Activities		103,986
Gifts and Donations		
Miscellaneous	48,468	75,443
Total Revenues	4,370,495	491,155
<b>Expenditures:</b>		
Current:		
Instruction:		
Regular	1,834,522	96,835
Special	454,259	97,158
Vocational	296,191	
Adult/Continuing		1,339
Other	4,120	
Support Services:		
Pupils	48,144	29,166
Instructional Staff	122,624	44,247
Board of Education	16,721	
Administration	393,800	3,171
Fiscal	151,842	448
Operation and Maintenance of Plant	318,136	265
Pupil Transportation	164,721	
Central Services		
Non-Instructional Services		84,224
Extracurricular Activities	107,506	100,705
Capital Outlay		
Debt Service:		
Principal Retirement		
Total Expenditures	3,912,586	457,558
Excess of Revenues Over/(Under) Expenditures	457,909	33,597
<b>Other Financing Sources (Uses):</b>		
Operating Transfers In		722
Operating Transfers Out	(20,278)	
Total Other Financing Sources (Uses)	(20,278)	722
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	437,631	34,319
Fund Balances at Beginning of Year	158,118	55,942
<b>Fund Balances at End of Year</b>	<b>\$595,749</b>	<b>\$90,261</b>

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

<u>Governmental Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Capital Projects</u>	<u>Expendable Trust</u>	
\$121,545		\$2,042,092
48,311		2,713,978
1,379	\$7,421	53,553
		2,786
	2,321	106,307
	33,546	33,546
<u>209,190</u>		<u>333,101</u>
<u>380,425</u>	<u>43,288</u>	<u>5,285,363</u>
96,510	33,320	2,061,187
		551,417
		296,191
		1,339
		4,120
		77,310
15,235	6,948	189,054
		16,721
		396,971
1,940		154,230
		318,401
		164,721
	690	690
	8,750	92,974
		208,211
217,854		217,854
<u>66,808</u>		<u>66,808</u>
<u>398,347</u>	<u>49,708</u>	<u>4,818,199</u>
<u>(17,922)</u>	<u>(6,420)</u>	<u>467,164</u>
1,510		2,232
<u>(755)</u>		<u>(21,033)</u>
<u>755</u>		<u>(18,801)</u>
(17,167)	(6,420)	448,363
<u>148,948</u>	<u>216,304</u>	<u>579,312</u>
<b><u>\$131,781</u></b>	<b><u>\$209,884</u></b>	<b><u>\$1,027,675</u></b>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Revenues:</b>		
Property and Other Local Taxes	\$1,744,910	
Intergovernmental	2,146,537	\$226,659
Interest	35,122	751
Tuition and Fees	2,950	
Extracurricular Activities		75,787
Gifts and Donations		
Miscellaneous	30,384	4,366
Total Revenues	3,959,903	307,563
<b>Expenditures:</b>		
Current:		
Instruction:		
Regular	1,783,700	44,996
Special	339,750	68,223
Vocational	266,234	
Adult/Continuing		2,194
Other	16,391	
Support Services:		
Pupils	92,872	20,064
Instructional Staff	114,609	10,547
Board of Education	13,952	
Administration	379,872	9,848
Fiscal	152,803	7,795
Operation and Maintenance of Plant	262,611	
Pupil Transportation	142,409	49,812
Central Services		
Non-Instructional Services		75,468
Extracurricular Activities	93,689	72,423
Capital Outlay		
Debt Service:		
Principal Retirement		
Total Expenditures	3,658,892	361,370
Excess of Revenues Over/(Under) Expenditures	301,011	(53,807)
<b>Other Financing Sources (Uses):</b>		
Proceeds from Sale of Fixed Assets		5,133
Operating Transfers In		
Operating Transfers Out	(38,016)	(500)
Total Other Financing Sources (Uses)	(38,016)	4,633
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	262,995	(49,174)
Fund Balances at Beginning of Year	(104,877)	105,116
<b>Fund Balances at End of Year</b>	<b>\$158,118</b>	<b>\$55,942</b>

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

<u>Governmental Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Capital Projects</u>	<u>Expendable Trust</u>	
\$114,808		\$1,859,718
66,986		2,440,182
1,035	\$7,796	44,704
		2,950
1,245	3,039	80,071
	47,800	47,800
		34,750
<u>184,074</u>	<u>58,635</u>	<u>4,510,175</u>
25,447	30,840	1,884,983
		407,973
		266,234
		2,194
		16,391
		112,936
	845	126,001
		13,952
		389,720
1,802		162,400
		262,611
		192,221
	428	428
	5,549	81,017
		166,112
46,401		46,401
<u>66,808</u>		<u>66,808</u>
<u>140,458</u>	<u>37,662</u>	<u>4,198,382</u>
<u>43,616</u>	<u>20,973</u>	<u>311,793</u>
38,443		5,133
		38,443
		(38,516)
<u>38,443</u>		<u>5,060</u>
82,059	20,973	316,853
66,889	195,331	262,459
<u><b>\$148,948</b></u>	<u><b>\$216,304</b></u>	<u><b>\$579,312</b></u>

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

	<b>Governmental Fund Types</b>		
	<b>General Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property and Other Local Taxes	\$1,929,748	\$1,929,748	
Intergovernmental	2,354,452	2,354,452	
Interest	42,619	42,619	
Tuition and Fees	2,786	2,786	
Extracurricular Activities			
Gifts and Donations			
Miscellaneous	48,228	48,228	
Total Revenues	<u>4,377,833</u>	<u>4,377,833</u>	
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	1,862,062	1,862,062	
Special	455,839	455,839	
Vocational	308,434	308,434	
Other	4,120	4,120	
Support Services:			
Pupils	77,901	77,901	
Instructional Staff	117,479	117,479	
Board of Education	16,731	16,731	
Administration	386,725	386,725	
Fiscal	151,693	151,693	
Operation and Maintenance of Plant	331,116	331,116	
Pupil Transportation	162,778	162,778	
Central Services			
Non-Instructional Services			
Extracurricular Activities	107,727	107,727	
Capital Outlay			
Debt Service:			
Principal Retirement			
Total Expenditures	<u>3,982,605</u>	<u>3,982,605</u>	
Excess of Revenues Over (Under) Expenditures	<u>395,228</u>	<u>395,228</u>	
<b>Other Financing Sources (Uses):</b>			
Refund of Prior Year Expenditures	240	240	
Operating Transfers In			
Operating Transfers Out	(16,078)	(16,078)	
Advances In			
Advances Out	(57,382)	(57,382)	
Total Other Financing Sources (Uses)	<u>(73,220)</u>	<u>(73,220)</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	322,008	322,008	
Fund Balances at Beginning of Year	374,063	374,063	
Prior Year Encumbrances Appropriated	11,818	11,818	
<b>Fund Balances at End of Year</b>	<b><u>\$707,889</u></b>	<b><u>\$707,889</u></b>	



**Governmental Fund Types**

<b>Special Revenue Funds</b>			<b>Capital Projects Fund</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
			\$122,317	\$122,317	
\$235,326	\$235,326		48,311	48,311	
261	261		1,331	1,331	
103,986	103,986				
74,999	74,999		187,528	187,528	
414,572	414,572		359,487	359,487	
101,985	101,985		100,936	100,936	
85,791	85,791				
19,534	19,534				
19,189	19,189		21,505	21,505	
3,176	3,176				
762	762		1,932	1,932	
265	265				
53,653	53,653				
98,055	98,055				
104,766	104,766		226,774	226,774	
			66,808	66,808	
487,176	487,176		417,955	417,955	
(72,604)	(72,604)		(58,468)	(58,468)	
722	722		1,510	1,510	
			(755)	(755)	
54,147	54,147				
54,869	54,869		755	755	
(17,735)	(17,735)		(57,713)	(57,713)	
65,674	65,674		85,852	85,852	
21,740	21,740		35,312	35,312	
<b>\$69,679</b>	<b>\$69,679</b>		<b>\$63,451</b>	<b>\$63,451</b>	

(Continued)

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

	<b>Fiduciary Fund Type</b>		
	<b>Expendable Trust Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property and Other Local Taxes			
Intergovernmental			
Interest	\$3,252	\$3,252	
Tuition and Fees			
Extracurricular Activities	2,321	2,321	
Gifts and Donations	33,546	33,546	
Miscellaneous			
Total Revenues	39,119	39,119	
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	51,773	51,773	
Special			
Vocational			
Other			
Support Services:			
Pupils			
Instructional Staff	6,245	6,245	
Board of Education			
Administration			
Fiscal			
Operation and Maintenance of Plant			
Pupil Transportation			
Central Services	827	827	
Non-Instructional Services	8,750	8,750	
Extracurricular Activities			
Capital Outlay			
Debt Service:			
Principal Retirement			
Total Expenditures	67,595	67,595	
Excess of Revenues Over (Under) Expenditures	(28,476)	(28,476)	
<b>Other Financing Sources (Uses):</b>			
Refund of Prior Year Expenditures			
Operating Transfers In			
Operating Transfers Out			
Advances In			
Advances Out			
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(28,476)	(28,476)	
Fund Balances at Beginning of Year	213,952	213,952	
Prior Year Encumbrances Appropriated	2,168	2,168	
<b>Fund Balances at End of Year</b>	<b>\$187,644</b>	<b>\$187,644</b>	

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

<b>Totals (Memorandum Only)</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$2,052,065	\$2,052,065	
2,638,089	2,638,089	
47,463	47,463	
2,786	2,786	
106,307	106,307	
33,546	33,546	
310,755	310,755	
<hr/>	<hr/>	<hr/>
5,191,011	5,191,011	
<hr/>	<hr/>	<hr/>
2,116,756	2,116,756	
541,630	541,630	
308,434	308,434	
4,120	4,120	
97,435	97,435	
164,418	164,418	
16,731	16,731	
389,901	389,901	
154,387	154,387	
331,381	331,381	
216,431	216,431	
827	827	
106,805	106,805	
212,493	212,493	
226,774	226,774	
66,808	66,808	
<hr/>	<hr/>	<hr/>
4,955,331	4,955,331	
<hr/>	<hr/>	<hr/>
235,680	235,680	
<hr/>	<hr/>	<hr/>
240	240	
2,232	2,232	
(16,833)	(16,833)	
54,147	54,147	
(57,382)	(57,382)	
<hr/>	<hr/>	<hr/>
(17,596)	(17,596)	
<hr/>	<hr/>	<hr/>
218,084	218,084	
739,541	739,541	
<hr/>	<hr/>	<hr/>
71,038	71,038	
<hr/>	<hr/>	<hr/>
<b>\$1,028,663</b>	<b>\$1,028,663</b>	
<hr/>	<hr/>	<hr/>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

	<b>Governmental Fund Types</b>		
	<b>General Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property and Other Local Taxes	\$1,688,992	\$1,688,992	
Intergovernmental	2,146,536	2,146,536	
Interest	33,789	33,789	
Tuition and Fees	2,950	2,950	
Extracurricular Activities			
Gifts and Donations			
Miscellaneous	14,347	14,347	
Total Revenues	3,886,614	3,886,614	
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	1,754,968	1,754,968	
Special	338,835	338,835	
Vocational	277,686	277,686	
Other	16,391	16,391	
Support Services:			
Pupils	71,003	71,003	
Instructional Staff	114,664	114,664	
Board of Education	13,963	13,963	
Administration	380,639	380,639	
Fiscal	152,939	152,939	
Operation and Maintenance of Plant	268,885	268,885	
Pupil Transportation	158,558	158,558	
Central Services			
Non-Instructional Services			
Extracurricular Activities	93,480	93,480	
Capital Outlay			
Debt Service:			
Principal Retirement			
Total Expenditures	3,642,011	3,642,011	
Excess of Revenues Over (Under) Expenditures	244,603	244,603	
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures	16,037	16,037	
Operating Transfers In			
Operating Transfers Out	(38,016)	(38,016)	
Advances In	23,673	23,673	
Advances Out			
Total Other Financing Sources (Uses)	1,694	1,694	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	246,297	246,297	
Fund Balances at Beginning of Year	111,212	111,212	
Prior Year Encumbrances Appropriated	16,554	16,554	
<b>Fund Balances at End of Year</b>	<b>\$374,063</b>	<b>\$374,063</b>	

**Governmental Fund Types**

<b>Special Revenue Funds</b>			<b>Capital Projects Fund</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
			\$90,718	\$90,718	
\$263,087	\$263,087		66,986	66,986	
751	751		913	913	
76,375	76,375		1,245	1,245	
4,366	4,366				
<u>344,579</u>	<u>344,579</u>		<u>159,862</u>	<u>159,862</u>	
44,287	44,287		56,947	56,947	
63,728	63,728				
15,492	15,492				
50	50				
10,295	10,295		1,429	1,429	
7,458	7,458				
49,812	49,812				
82,064	82,064		40,735	40,735	
76,561	76,561				
			66,808	66,808	
<u>349,747</u>	<u>349,747</u>		<u>165,919</u>	<u>165,919</u>	
<u>(5,168)</u>	<u>(5,168)</u>		<u>(6,057)</u>	<u>(6,057)</u>	
5,133	5,133				
(500)	(500)		38,443	38,443	
<u>(18,535)</u>	<u>(18,535)</u>				
<u>(13,902)</u>	<u>(13,902)</u>		<u>38,443</u>	<u>38,443</u>	
(19,070)	(19,070)		32,386	32,386	
71,577	71,577		50,594	50,594	
13,167	13,167		2,872	2,872	
<u><b>\$65,674</b></u>	<u><b>\$65,674</b></u>		<u><b>\$85,852</b></u>	<u><b>\$85,852</b></u>	

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998  
(Continued)**

	<b>Fiduciary Fund Type</b>		
	<b>Expendable Trust Fund</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property and Other Local Taxes			
Intergovernmental			
Interest	\$7,808	\$7,808	
Tuition and Fees			
Extracurricular Activities	3,039	3,039	
Gifts and Donations	47,800	47,800	
Miscellaneous			
Total Revenues	58,647	58,647	
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	30,840	30,840	
Special			
Vocational			
Other			
Support Services:			
Pupils			
Instructional Staff	845	845	
Board of Education			
Administration			
Fiscal			
Operation and Maintenance of Plant			
Pupil Transportation			
Central Services	291	291	
Non-Instructional Services	7,717	7,717	
Extracurricular Activities			
Capital Outlay			
Debt Service:			
Principal Retirement			
Total Expenditures	39,693	39,693	
Excess of Revenues Over (Under) Expenditures	18,954	18,954	
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Operating Transfers In			
Operating Transfers Out			
Advances In			
Advances Out			
Total Other Financing Sources (Uses)			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	18,954	18,954	
Fund Balances at Beginning of Year	191,330	191,330	
Prior Year Encumbrances Appropriated	3,668	3,668	
<b>Fund Balances at End of Year</b>	<b>\$213,952</b>	<b>\$213,952</b>	

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

<b>Totals (Memorandum Only)</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$1,779,710	\$1,779,710	
2,476,609	2,476,609	
43,261	43,261	
2,950	2,950	
80,659	80,659	
47,800	47,800	
18,713	18,713	
<b>4,449,702</b>	<b>4,449,702</b>	
1,887,042	1,887,042	
402,563	402,563	
277,686	277,686	
16,391	16,391	
86,495	86,495	
115,559	115,559	
13,963	13,963	
390,934	390,934	
161,826	161,826	
268,885	268,885	
208,370	208,370	
291	291	
89,781	89,781	
170,041	170,041	
40,735	40,735	
66,808	66,808	
<b>4,197,370</b>	<b>4,197,370</b>	
<b>252,332</b>	<b>252,332</b>	
5,133	5,133	
16,037	16,037	
38,443	38,443	
(38,516)	(38,516)	
23,673	23,673	
(18,535)	(18,535)	
<b>26,235</b>	<b>26,235</b>	
278,567	278,567	
424,713	424,713	
36,261	36,261	
<b>\$739,541</b>	<b>\$739,541</b>	

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

	<u>Proprietary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Operating Revenues:</b>			
Charges for Service	\$183,204		\$183,204
Classroom Materials and Fees	35,390		35,390
Other Operating Revenue		\$8,355	8,355
	<u>218,594</u>	<u>8,355</u>	<u>226,949</u>
<b>Operating Expenses:</b>			
Salaries and Wages	81,936	1,053	82,989
Fringe Benefits	34,220	39,270	73,490
Purchased Services	7,173		7,173
Materials and Supplies	9,049		9,049
Cost of Sales	164,933		164,933
Depreciation	4,131		4,131
Claims		333	333
Other Operating Expenses	811		811
	<u>302,253</u>	<u>40,656</u>	<u>342,909</u>
Operating Loss	<u>(83,659)</u>	<u>(32,301)</u>	<u>(115,960)</u>
<b>Non-Operating Revenues/(Expenses):</b>			
Federal Donated Commodities	27,156		27,156
Operating Grants	59,402		59,402
Interest	514		514
Loss on Disposal of Fixed Assets	(1,294)		(1,294)
	<u>85,778</u>		<u>85,778</u>
Income (Loss) Before Operating Transfers	2,119	(32,301)	(30,182)
Operating Transfers-In	726	17,948	18,674
Net Income (Loss)	2,845	(14,353)	(11,508)
Retained Earnings at Beginning of Year	72,048	14,353	86,401
<b>Retained Earnings at End of Year</b>	<b><u>\$74,893</u></b>		<b><u>\$74,893</u></b>

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



**COMBINED STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

	<u>Proprietary Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	
<b>Operating Revenues:</b>			
Charges for Service	\$173,460		\$173,460
Classroom Materials and Fees	38,139		38,139
Total Operating Revenues	<u>211,599</u>		<u>211,599</u>
<b>Operating Expenses:</b>			
Salaries and Wages	79,947	\$1,035	80,982
Fringe Benefits	24,603	63,427	88,030
Purchased Services	7,580		7,580
Materials and Supplies	10,320		10,320
Cost of Sales	175,991		175,991
Depreciation	2,942		2,942
Claims		7,064	7,064
Other Operating Expenses	472		472
Total Operating Expenses	<u>301,855</u>	<u>71,526</u>	<u>373,381</u>
Operating Loss	<u>(90,256)</u>	<u>(71,526)</u>	<u>(161,782)</u>
<b>Non-Operating Revenues:</b>			
Federal Donated Commodities	25,982		25,982
Operating Grants	65,508		65,508
Contributions and Donations		28,094	28,094
Interest		740	740
Total Non-operating Revenues	<u>91,490</u>	<u>28,834</u>	<u>120,324</u>
Income (Loss) Before Operating Transfers	1,234	(42,692)	(41,458)
Operating Transfers-In	943		943
Net Income (Loss)	2,177	(42,692)	(40,515)
Retained Earnings at Beginning of Year	69,871	57,045	126,916
<b>Retained Earnings at End of Year</b>	<b><u>\$72,048</u></b>	<b><u>\$14,353</u></b>	<b><u>\$86,401</u></b>

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

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>		<u>Variance: Favorable (Unfavorable)</u>
	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Charges for Service	\$182,992	\$182,992	
Classroom Materials and Fees	34,937	34,937	
Contributions from Other Funds			
Interest	514	514	
Operating Grants	<u>60,956</u>	<u>60,956</u>	
Total Revenues	<u>279,399</u>	<u>279,399</u>	
<b>Expenses:</b>			
Salaries	84,658	84,658	
Fringe Benefits	33,684	33,684	
Purchased Services	7,803	7,803	
Materials and Supplies	158,996	158,996	
Other	811	811	
Capital Outlay	<u>13,735</u>	<u>13,735</u>	
Total Expenses	<u>299,687</u>	<u>299,687</u>	
Excess of Expenditures Over Revenues	<u>(20,288)</u>	<u>(20,288)</u>	
<b>Other Financing Sources:</b>			
Advances In	3,113	3,113	
Operating Transfers-In	<u>726</u>	<u>726</u>	
Excess of Expenditures over Revenues and Other Financing Sources	<u>(16,449)</u>	<u>(16,449)</u>	
Fund Equity, Beginning of Year	<u>49,343</u>	<u>49,343</u>	
Prior Year Encumbrances Appropriated	<u>15,698</u>	<u>15,698</u>	
<b>Fund Equity, End of Year</b>	<b><u><u>\$48,592</u></u></b>	<b><u><u>\$48,592</u></u></b>	

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

Proprietary Fund Types			Totals (Memorandum Only)		
Internal Service Fund					
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
			\$ 182,992	\$ 182,992	
			34,937	34,937	
\$4,020	\$4,020		4,020	4,020	
			514	514	
8,355	8,355		69,311	69,311	
12,375	12,375		291,774	291,774	
1,053	1,053		85,711	85,711	
35,070	35,070		68,754	68,754	
			7,803	7,803	
			158,996	158,996	
			811	811	
			13,735	13,735	
36,123	36,123		335,810	335,810	
(23,748)	(23,748)		(44,036)	(44,036)	
13,748	13,748		3,113	3,113	
			14,474	14,474	
(10,000)	(10,000)		(26,449)	(26,449)	
6,805	6,805		56,148	56,148	
3,195	3,195		18,893	18,893	
			<b>\$48,592</b>	<b>\$48,592</b>	

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
FUND EQUITY - BUDGET AND ACTUAL (NON-GAAP BASIS)  
PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

	<u>Proprietary Fund Types</u>		<u>Variance: Favorable (Unfavorable)</u>
	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Charges for Service	\$173,307	\$173,307	
Classroom Materials and Fees	38,139	38,139	
Contributions from Other Funds			
Interest			
Operating Grants	63,850	63,850	
Refund of Prior Year Expenses	4,196	4,196	
	<u>279,492</u>	<u>279,492</u>	
<b>Expenses:</b>			
Salaries	76,555	76,555	
Fringe Benefits	23,043	23,043	
Purchased Services	8,195	8,195	
Materials and Supplies	164,971	164,971	
Other	72	72	
Capital Outlay	29,318	29,318	
	<u>302,154</u>	<u>302,154</u>	
Excess of Expenditures Over Revenues	<u>(22,662)</u>	<u>(22,662)</u>	
<b>Other Financing Sources:</b>			
Advances Out	(5,138)	(5,138)	
Operating Transfers-In	943	943	
Excess of Expenditures Over Revenues and Other Financing Sources	<u>(26,857)</u>	<u>(26,857)</u>	
Fund Equity, Beginning of Year	75,255	75,255	
Prior Year Encumbrances Appropriated	945	945	
<b>Fund Equity, End of Year</b>	<b><u>\$49,343</u></b>	<b><u>\$49,343</u></b>	

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

Internal Service Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
			\$ 173,307	\$ 173,307	
			38,139	38,139	
\$24,074	\$24,074		24,074	24,074	
740	740		740	740	
			63,850	63,850	
			4,196	4,196	
24,814	24,814		304,306	304,306	
1,035	1,035		77,590	77,590	
63,433	63,433		86,476	86,476	
10,849	10,849		19,044	19,044	
			164,971	164,971	
			72	72	
			29,318	29,318	
75,317	75,317		377,471	377,471	
(50,503)	(50,503)		(73,165)	(73,165)	
			(5,138)	(5,138)	
			943	943	
(50,503)	(50,503)		(77,360)	(77,360)	
51,531	51,531		126,786	126,786	
5,777	5,777		6,722	6,722	
<b>\$6,805</b>	<b>\$6,805</b>		<b>\$56,148</b>	<b>\$56,148</b>	

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

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$182,992		\$182,992
Cash Received from Classroom Materials and Fees	34,937		34,937
Cash Received from Other Revenues		\$8,355	8,355
Cash Payments to Suppliers for Goods and Services	(163,494)		(163,494)
Cash Payments to Employees for Services	(84,658)	(1,053)	(85,711)
Cash Payments for Fringe Benefits	(33,684)	(35,070)	(68,754)
Cash Payments for Miscellaneous Expenses	(811)		(811)
Net Cash Used for Operating Activities	<u>(64,718)</u>	<u>(27,768)</u>	<u>(92,486)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash Received from Operating Grants	60,956		60,956
Cash Received from Transfers-In	726	13,748	14,474
Short - Term Loans from Other Funds	3,113		3,113
Contributions from Other Funds		4,020	4,020
Net Cash Provided by Noncapital Financing Activities	<u>64,795</u>	<u>17,768</u>	<u>82,563</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Payment of Capital Acquisitions	(13,735)		(13,735)
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	514		514
Decrease in Cash and Cash Equivalents	(13,144)	(10,000)	(23,144)
Cash and Cash Equivalents at Beginning of Year	65,043	10,000	75,043
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$51,899</u></b>	<b><u>\$0</u></b>	<b><u>\$51,899</u></b>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>			
Operating Loss	(\$83,659)	(\$32,301)	(\$115,960)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	4,131		4,131
Donated Commodities Used During Year	27,156		27,156
Non Operating Change in Accruals	(220)	180	(40)
Changes in Assets and Liabilities:			
(Increase)/Decrease in Accounts Receivable	(446)	5,000	4,554
Increase in Due From Other Funds	(145)	(222)	(367)
Decrease in Prepaid Items	17		17
Increase in Inventory Held for Resale	(2,537)		(2,537)
Increase in Material and Supplies Inventory	(95)		(95)
Increase in Intergovernmental Receivables	(8,383)		(8,383)
Increase/(Decrease) in Accounts Payable	(331)	4,200	3,869
Decrease in Accrued Wages	(2,722)		(2,722)
Decrease in Intergovernmental Payables	(344)		(344)
Decrease in Claims Payable		(4,625)	(4,625)
Increase in Deferred Revenue	2,860		2,860
<b>Net Cash Used by Operating Activities</b>	<b><u>(\$64,718)</u></b>	<b><u>(\$27,768)</u></b>	<b><u>(\$92,486)</u></b>

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

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1998**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$173,307		\$173,307
Cash Received from Classroom Materials & Fees	38,139		38,139
Cash Payments to Suppliers for Goods and Services	(170,448)		(170,448)
Cash Payments to Employees for Services	(76,555)	(\$1,035)	(77,590)
Cash Payments for Fringe Benefits	(23,043)	(63,433)	(86,476)
Cash Payments for Claims		(7,654)	(7,654)
Net Cash Used for Operating Activities	(58,600)	(72,122)	(130,722)
<b>Cash Flows from Noncapital Financing Activities:</b>			
Cash Received from Operating Grants	63,850		63,850
Cash Received from Transfers-In	943		943
Short - Term Loans to Other Funds	(5,138)		(5,138)
Refund of Prior Year Expense	4,124		4,124
Contributions from Other Funds		24,074	24,074
Net Cash Provided by Noncapital Financing Activities	63,779	24,074	87,853
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Payment of Capital Acquisitions	(16,338)		(16,338)
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments		740	740
Decrease in Cash and Cash Equivalents	(11,159)	(47,308)	(58,467)
Cash and Cash Equivalents at Beginning of Year	76,202	57,308	133,510
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$65,043</b>	<b>\$10,000</b>	<b>\$75,043</b>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>			
Operating Loss	(\$90,256)	(\$71,526)	(\$161,782)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	2,942		2,942
Donated Commodities Used During Year	25,982		25,982
Non Operating Change in Accruals	(3,800)	4,020	220
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(363)	(1,522)	(1,885)
Increase in Due From Other Funds		(3,978)	(3,978)
Decrease in Prepaid Items	30		30
Increase in Inventory Held for Resale	(1,708)		(1,708)
Increase in Material and Supplies Inventory	(196)		(196)
Decrease in Intergovernmental Receivables	3,265		3,265
Increase in Accounts Payable	1,542		1,542
Increase in Accrued Wages	4,885		4,885
Decrease in Compensated Absences Payable	(1,493)		(1,493)
Increase (Decrease) in Intergovernmental Payables	1,003	(6)	997
Increase in Claims Payable		890	890
Decrease in Deferred Revenue	(433)		(433)
<b>Net Cash Used by Operating Activities</b>	<b>(\$58,600)</b>	<b>(\$72,122)</b>	<b>(\$130,722)</b>

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

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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999 AND 1998**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Leipsic Local School District, Putnam County, (the School District) is organized under Article VI, Section 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 and/or federal guidelines.

The School District was established prior to 1912. The School District serves an area approximately 54 square miles. It is located in Putnam County and includes the Villages of Belmore, Leipsic, and West Leipsic also portions of Blanchard, Ottawa, Liberty, Palmer and Van Buren Townships. The School District is the 563<sup>rd</sup> largest in the State of Ohio (among 611 School Districts) in terms of enrollment. The School District is staffed by 25 classified employees, 51 certified full-time teaching personnel, and 4 administrative employees who provide services to 769 students and other community members. The School District currently operates one elementary, middle and high school.

**Reporting Entity**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Leipsic 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 organizations' 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 organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District's reporting entity includes the following:

**Saint Mary's Catholic School** - Within the School District's boundaries, Saint Mary's Catholic School is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity is reflected in a special revenue fund of the School District.

The School District is associated with four organizations which are defined as jointly governed organizations and insurance pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Blanchard Valley Cooperative Vocational Career Center, the Putnam County Schools Insurance Group, and the Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Program (GRP). Information about these organizations is presented in Notes 16 and 17 to the combined financial statements.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

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

The financial statements of the Leipsic Local School District have been prepared in conformity with generally accepted accounting principals (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 the propriety activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

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

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

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

For financial settlement 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.

**1. Governmental Fund Types**

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

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

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

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

**2. Proprietary Fund Type**

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 is the School District's proprietary fund type:

Enterprise Funds - Enterprise funds are used to account for operations 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 appropriated for capital maintenance, public policy, management control, accountability, or other purposes.

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

**3. 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. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**4. Account Groups**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of 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 propriety funds or trust 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 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 the expendable trust fund 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 propriety fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after 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, grants, investment earnings, tuition, 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 1998, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal years 2000 and 1999 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. Allocation of costs, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes of 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 fiscal 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 appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Eisenhower, Title VI-B Preschool, Title VI-B School Age, and Drug Free special revenue funds are flow-through grants in which the Putnam County Educational Service Center is the primary recipient. Budgetary information for these funds is not included within the School District's reporting

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

entity for which the "appropriated budget" is adopted, and the School District does not maintain separate budgetary records.

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.

**1. 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 Putnam County Budget Commission for rate determined.

**2. Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuring 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 years 1999 and 1998.

**3. 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 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 fiscal years 1999 and 1998, the School District made one supplemental budgetary appropriation including a \$133,168 increase to the capital projects fund type in fiscal year 1999 and a \$96,827 decrease to the special revenue fund type in fiscal year 1998.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

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.

**4. Encumbrances**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of moneys are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the

GAAP basis, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**5. Lapsing of Appropriations**

At the close of each 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 Investments**

To improve cash management, cash received by the School District is pooled. Moneys for all funds, including proprietary funds, are maintained in this pool. 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 years 1999 and 1998, investments were limited to certificates of deposit, money market deposit accounts, and savings accounts.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal years 1999 and 1998 amounted to \$44,492 and \$35,122, which includes \$19,132 and \$20,020 assigned from other School District funds.

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

Cash held for the School District by the Putnam County Educational Service Center and by The Bank of Leipsic Company who services the District's bond and coupon payments, are included on the

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

balance sheet as "Cash and Cash Equivalents with Fiscal Agent" and "Cash and Cash Equivalent in Segregated Account".

**E. 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 purchase and an expenditure/expense is reported in the year in which services are consumed.

**F. Inventory**

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

**G. 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 respective 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 value as of the date received. The School District capitalizes fixed assets with a minimum threshold of two hundred dollars and minimum useful life of one year. The School District does not have any infrastructure.

The cost 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 fund fixed assets.

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

**H. Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/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.

**I. Compensated Absences**

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

The liability is an estimate based on the School District's past experience of making termination payments.

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

**J. Accrued Liabilities and Long-term Obligations**

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

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

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

**K. 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



**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

**Special Revenue Fund**

School Bus Purchase Allowance

**Non-Reimbursable Grants:**

**Special Revenue Funds**

Auxiliary Services  
Professional Development  
Management Information Systems  
Adult Vocation Education  
Disadvantaged Pupil Impact Aid  
Textbook & Instructional Supplies  
Continuous Improvement Program  
Migrant Education  
Title I Grants to Local Education Agencies  
Innovative Education Program Strategies  
E-Rate Telephone  
LSTA  
School-To-Work  
Eisenhower Grant  
Title VI-B Preschool Grant  
Title VI-B School Age Grant  
Drug Free Grant

**Capital Projects Fund**

SchoolNet Plus  
Interactive Video Distance Learning

**Reimbursable Grants:**

**General Fund**

Drivers Education

**Proprietary Funds**

National School Lunch Program  
Special Milk Program  
Government Donated Commodities

Grants and entitlements amounted to approximately fifty-one percent of the School District's operating revenue during the 1999 fiscal year and fifty-four percent for fiscal year 1998.

**L. Interfund Transactions**

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

Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. During fiscal year 1999, transfers-in

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

do not equal transfers-out on the accompanying financial statements due to \$305 in transfers from government funds to the agency funds and \$178 in transfers from agency funds to government funds. During fiscal year 1998, transfers-in do not equal transfer-out on the accompanying financial statements due to \$870 in transfers from government funds to agency.

**M. Fund Balance Reserves and Designations**

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, budget stabilization, and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

The School District had a budget stabilization reserve on June 30, 1999 of \$46,330, and on June 30, 1998 of \$16,037 which represents the State required amount to be set a side. The District has also set a side an additional \$48,218 for budget stabilization which is recorded as designated fund balance on the financial statements for June 30, 1999.

**N. Contributed Capital**

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1994, the exact amount of contributed capital cannot be determined. Consequently, no amounts have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

**O. 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.

**P. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. During fiscal year 1999, the School District transferred the required one-percent of qualified revenues into the budget stabilization fund. The School District also received a refund of \$240 from the Bureau of Worker's Compensation which State statute required to be included in this reserve. This refund is presented as "other revenue" in the accompanying financial statement. A fund balance reserve has also been established.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

**Q. Estimates**

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

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 1998, the School District has implemented GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.” The statement established accounting and reporting guidelines for government investments and investment pools. Under this statement, certain investments are reported at fair value.

The implementation of GASB Statement No. 31 had no effect on fund balance/retained earnings as it was previously reported as of June 30, 1997.

**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

Excess of Revenues and Other Financing Sources Over  
(Under) Expenditures and Other Financing Uses  
Governmental and Similar Fiduciary Fund Types for June 30, 1999

	General	Special Revenue	Capital Projects	Expendable Trust
Budget Basis	\$322,008	(\$17,735)	(\$57,713)	(\$28,476)
Adjustments:				
Revenue Accruals	(7,578)	22,436	20,938	4,169
Expenditure Accruals	108,766	(65,006)	(19,505)	(565)
Encumbrances	14,435	94,624	39,113	18,452
GAAP Basis	<u>\$ 437,631</u>	<u>\$ 34,319</u>	<u>\$ (17,167)</u>	<u>\$ (6,420)</u>

Net Income (Loss)  
Excess of Revenues and Advances Over (Under) Expenses  
Proprietary Fund Types for June 30, 1999

	Enterprise	Internal Service
Budget Basis	(\$16,449)	(\$10,000)
Adjustments:		
Revenue Accruals	23,154	180
Expenditure Accruals	(7,166)	(4,533)
Encumbrances	3,306	0
GAAP Basis	<u>\$2,845</u>	<u>(\$14,353)</u>

Excess of Revenues and Other Financing Sources Over  
(Under) Expenditures and Other Financing Uses  
Governmental and Similar Fiduciary Fund Types for June 30, 1998

	General	Special Revenue	Capital Projects	Expendable Trust
Budget Basis	\$246,297	(\$19,070)	\$32,386	\$18,954
Adjustments:				
Revenue Accruals	33,579	(37,016)	24,212	(12)
Expenditure Accruals	(28,699)	(14,828)	(9,851)	(137)
Encumbrances	11,818	21,740	35,312	2,168
GAAP Basis	<u>\$ 262,995</u>	<u>\$ (49,174)</u>	<u>\$ 82,059</u>	<u>\$ 20,973</u>

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

Net Income (Loss)		
Excess of Revenues and Advances Over (Under) Expenses		
Proprietary Fund Types for June 30, 1998		
	Enterprise	Internal Service
Budget Basis	(\$26,857)	(\$50,503)
Adjustments		
Revenue Accruals	23,597	4,020
Expenditure Accruals	(10,261)	596
Encumbrances	15,698	3,195
GAAP Basis	\$2,177	(\$42,692)

**NOTE 5 – CASH AND CASH EQUIVALENTS**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such moneys 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 moneys. Interim moneys are those moneys 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 the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all money deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

At fiscal year-end 1999 and 1998 the School District had \$6,758 and \$4,517, held by the Putnam County Educational Service Center. These amount are included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

At fiscal year-end 1999 and 1998, the School District had \$619 for both years held by The Bank Leipsic Company, who services the School District's bond/coupon payments. This amount is included on the balance sheet as "Cash and Cash Equivalents in Segregated Accounts."

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

Deposits - At fiscal year end 1999, the carrying amount of the School District's deposits was \$1,270,126 and the bank balance was \$1,369,116. Of the bank balance, \$300,000 was covered by federal depository insurance and \$500,000 was covered by collateral held by the District or by collateral held by a qualified third party trustee in the name of the District, and \$569,116 was uninsured and uncollateralized. At fiscal year end 1998, the carrying amount of the School District's deposits was \$912,113 and the bank balance was \$975,460. Of the bank balance, \$200,000 was covered by federal depository insurance and \$500,000 was covered by collateral held by the District or by collateral held by a qualified third party trustee in the name of the District, and \$275,460 was uninsured and uncollateralized.

Compliance - The District's deposits exceeded depository insurance and pledged collateral throughout the audit period including deposits of \$226,500 at June 30, 1998 and \$522,510 at June 30, 1999 that were not insured or collateralized as required by Ohio Revised Code Section 135.18.

**NOTE 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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

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 semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits earlier or later 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 semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Putnam County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax 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, 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 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 \$128,232 and has been credited to the General Fund. The amount available as an advance at June 30, 1998, was \$135,890 and has been credited to the General Fund.

The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second-half Collections		1999 First-half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$29,974,920	56.14%	\$30,260,000	55.25%
Industrial/Commercial	2,681,630	5.02%	3,015,940	5.51%
Public Utility	6,017,460	11.27%	6,775,310	12.37%
Tangible Personal Property	14,720,241	27.57%	14,720,241	26.87%
Total Assessed Value	<u>\$53,394,251</u>	<u>100.00%</u>	<u>\$54,771,491</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$38.20</u>		<u>\$37.20</u>	

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

	1997 Second-half Collections		1998 First-half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$29,502,520	61.14%	\$29,974,920	56.14%
Industrial/Commercial	2,586,180	5.36%	2,681,630	5.02%
Public Utility	6,120,850	12.69%	6,017,460	11.27%
Tangible Personal Property	10,041,554	20.81%	14,720,241	27.57%
Total Assessed Value	\$48,251,104	100.00%	\$53,394,251	100.00%
Tax rate per \$1,000 of assessed valuation	\$38.20		\$38.20	

**NOTE 7 – INCOME TAXES**

The School District levies a voted one-half percent tax for general operations and one-quarter percent tax for permanent improvements on the income of residents and of estates. The one-half percent tax was effective on January 1, 1992, with the one-quarter percent effective January 1, 1997, both are 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 and Capital Project Fund.

**NOTE 8 – RECEIVABLES**

Receivables at June 30, 1999, consisted of taxes, accounts (student fees and billings for user charged services), intergovernmental grants, accrued interest, due from other funds, and interfund receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards.

**NOTE 9 – FIXED ASSETS**

A summary of the enterprise funds' fixed assets during fiscal year 1999 follows:

Machinery and Equipment	\$80,841
Less: Accumulated Depreciation	(50,122)
Net Fixed Assets	\$30,719

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



**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

<u>Asset Category</u>	<u>Balance at 7/1/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/99</u>
Land	\$30,403			\$30,403
Buildings	1,751,936			1,751,936
Furniture and Equipment	1,923,771	\$163,973		2,087,744
Vehicles	511,014			511,014
Total General Fixed Assets	<u>\$4,217,124</u>	<u>\$163,973</u>		<u>\$4,381,097</u>

A summary of the enterprise funds' fixed assets during fiscal year 1998 follows:

Machinery and Equipment	\$70,289
Less: Accumulated Depreciation	<u>(46,546)</u>
Net Fixed Assets	<u>\$23,743</u>

A summary of the changes in general fixed assets during fiscal year 1998 follows:

<u>Asset Category</u>	<u>Balance at 7/1/97</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/98</u>
Land	\$30,403			\$30,403
Buildings	1,751,936			1,751,936
Furniture and Equipment	1,844,824	\$88,572	\$9,625	1,923,771
Vehicles	488,942	49,812	27,740	511,014
Total General Fixed Assets	<u>\$4,116,105</u>	<u>\$138,384</u>	<u>\$37,365</u>	<u>\$4,217,124</u>

**NOTE 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 years 1999 and 1998, the School District contracted for the following insurance coverage:

Coverage provided by Indiana Insurance Company is as follows for 1999:

Buildings and Contents - replacement cost	\$9,867,483 (\$500 deductible)
Inland Marine Coverage	44,100 (\$250 deductible)
Automobile Liability	\$1,000,000
Uninsured Motorists	1,000,000
Medical Payments - per person	5,000

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

General School District Liability

Per Occurrence	\$2,000,000
Total Per Year	5,000,000

Umbrella Liability Insurance	3,000,000
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Coverage provided by Indiana Insurance Company is as follows for 1998:

Buildings and Contents - replacement cost	\$10,625,780 (\$500 deductible)
Inland Marine Coverage	6,100 (\$250 deductible)
Automobile Liability	\$1,000,000
Uninsured Motorists	1,000,000
Medical Payments - per person	5,000

General School District Liability

Per Occurrence	\$2,000,000
Total Per Year	5,000,000

Umbrella Liability Insurance	2,000,000
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Settled claims have not exceeded this commercial coverage in any of the past three years.

The School District participated in the NOACSC Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 17). The Plan is intended to achieve the benefit of a reduced premium 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 premiums 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.

The School District joined together with school districts and other entities to form the Putnam County Schools Insurance Group (PCSIG), a public entity risk pool (Note 17) currently operating as a common risk management and insurance program for 11 member entities. The School District pays its monthly premiums to the PCSIG and their designated insurance company. The PCSIG is responsible for the operation and maintenance of the program. If the premiums are insufficient to pay the program costs for the fiscal year, the PCSIG may assess additional charges to all participants.

The PCSIG provides employee health care benefits to all participants under a contingent premium policy. Under the policy, the provider pays claims up to 90 percent of the fully insured rate and the PCSIG

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

reimburses the provider for claims up to 107 percent of the fully insured rate. Any claims in excess of the 107 percent are covered under a stop loss policy.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$305,156, \$294,808, and \$288,704, respectively; 82.57 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$52,604, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 7.7 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$67,876, \$59,946, and \$56,640, respectively; 51.91 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$35,232, is recorded as a liability within the respective funds and the general long-term obligations account group.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

**C. Social Security System**

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

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 1999, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$73,702 for fiscal year 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 (the latest information available). For the fiscal 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.

For this fiscal year, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$31,512 for fiscal year 1999.

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. Expenses 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.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

**NOTE 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 fifteen days of vacation per year, depending upon length of service. The superintendent earns 20 days vacation per year while the treasurer earns 15 days per year. Only the superintendent and treasurer may carry vacation days over from one year to the next. The superintendent may carry over one half of his yearly allowance, while the treasurer may carry over five days. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 180 days for school personnel. Upon retirement, with ten years of service, payment is made for twenty-five percent of accrued but unused sick leave on a maximum of 160 days. If the accrued but unused sick leave days exceed 180 days, then leave above 180 days will be converted to retirement pay at the rate of one day for each fifteen days of unused sick leave.

**B. Personal Leave**

Each employee of the District is allowed three personal leave days per year. These days may not be carried over from one year to the next, however, the employees will be paid for all of their unused personal days at the end of the year at the substitute rate for that position.

**C. Insurance**

The District has elected to provide employee medical/surgical benefits at reduced or no costs to full-time employees and at prorated costs to part-time employees. In an attempt to stabilize health care costs the District belongs to the Putnam County School Insurance Group which works with Anthem Blue Cross/Blue Shield of Ohio for medical/surgical insurance coverage. The Putnam County Schools Insurance Group is a public entity shared risk pool consisting of nine local school districts, the Putnam County Board of MR/DD and the Putnam County Educational Service Center. The Putnam County Education Service Center serves as fiscal agent for the consortium and for this service receives \$1 per month per employee from the consortium and the member entity's pooled cash. Fiscal year 1999 the consortium plan provides a comprehensive medical/surgical health care plan with a \$200 single and \$400 family deductible and for fiscal year 1998 the consortium plan provides a comprehensive medical/surgical health care plan with a \$200 single and \$400 family deductible. The consortium members send to Anthem Blue Cross/Blue Shield a monthly payment representing 90 percent of the premium rate set by Anthem Blue Cross/Blue Shield with the consortium members liable for 107 percent of the premium rate. The consortium members also send monthly payments to the consortium that are used to offset this potential 17 percent liability and pay any "overage" that may exist at year end. As of June 30, 1999, the District paid \$190.97 per month for CMM single coverage and \$171.65 per month for PPO single coverage and \$490.24 per month for CMM family coverage and \$440.73 per month for PPO family coverage. Of the \$190.97 and \$171.65 single and \$490.24 and \$440.73 family per month premiums, \$180.92, \$162.67, \$464.44, and \$417.74, respectively, goes to Anthem Blue Cross/Blue Shield and \$10.05, \$8.98, \$25.80, and \$22.99, respectively goes to the consortium. The premium is paid by the fund/function that pays the employee's salary. As of June 30, 1999, the consortium had a fund total of \$565,526.88; the District's share of this was \$60,798.24 (10.75%). Dental coverage is provided to the District's employees through Anthem BC/BS of Ohio and the premium for both family and single coverage was \$40.32 per month on June 30, 1999, with the employees paying \$3.00 per month.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

As of June 30, 1998, the District paid \$178.61 per month for single coverage and \$458.58 per month for family coverage. Of the \$178.61 single and \$458.58 family per month premiums, \$169.26 and \$434.65, respectively, goes to Anthem Blue Cross/Blue Shield and \$9.35 and \$23.93, respectively goes to the consortium. An alternative PPO plan, which has lower premium costs, is also offered through the consortium but as of June 30, 1998 no employees of the District were enrolled in this plan. The premium is paid by the fund/function that pays the employee's salary. As of June 30, 1998, the consortium had a fund total of \$628,580.41; the District's share of this was \$67,577.86 (10.75%). Dental coverage is provided to the District's employees through Ameritas and the premium for both family and single coverage was \$37.29 per month on June 30, 1998, with the employees paying \$3.00 per month.

Starting September 1, 1998, certificated employees of the School District participate in a self-insured prescription drug insurance benefit program run and maintained by the Leipsic Education Association (LEA). The program reimburses the employees for the cost of prescriptions in excess of the 80% paid by the employee's medical insurance less a \$5.00 co-payment. All claims are paid by the LEA with the request for reimbursement submitted by the employee on behalf of the LEA. The School District's, by negotiated agreement, contributes \$2,100 per month to the program. Prior to September 1, 1998 the School District administered the prescription drug program, changer in the programs claims liability for fiscal years 1997, 1998, and 1999 are presented below:

Fiscal Year	Beginning Liability	Current Year Claims and Changes in Estimates	Claims Payments	Ending Liability
1997	\$2,999	\$29,066	\$28,330	\$3,735
1998	3,735	48,420	47,530	4,625
1999	4,625	6,035	10,660	0

**NOTE 14 - LONG-TERM OBLIGATIONS**

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

	Principal Outstanding at 6/30/98	Additions	Deductions	Principal Outstanding at 6/30/99
EPA Asbestos Removal Note No Interest; Matures 2013	<u>\$951,312</u>		<u>\$66,808</u>	<u>\$884,504</u>
	Principal Outstanding at 6/30/98	Additions	Deductions	Principal Outstanding at 6/30/99
Severance		\$4,111		\$4,111
Compensated Absences	392,350	57,025		449,375
Intergovernmental Payables	<u>24,020</u>	<u>35,697</u>	<u>24,020</u>	<u>35,697</u>
Total General Long-term Obligations	<u>\$416,370</u>	<u>\$96,833</u>	<u>\$24,020</u>	<u>\$489,183</u>

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

	Principal Outstanding at 6/30/97	Additions	Deductions	Principal Outstanding at 6/30/98
EPA Asbestos Removal Note No Interest; Matures 2013	\$1,018,120		\$66,808	\$951,312
	Principal Outstanding at 6/30/97	Additions	Deductions	Principal Outstanding at 6/30/98
Compensated Absences	\$408,279		\$15,929	\$392,350
Intergovernmental Payables	16,878	24,020	16,878	24,020
Total General Long-term Obligations	\$425,157	\$24,020	\$32,807	\$416,370

During fiscal year 1994 the District entered into an interest free agreement with the United States Environmental Protection Agency to remove friable asbestos from the school. The loan agreement calls for the loan to be paid back semiannually over 18 years beginning in May 1995.

In fiscal year 1999, the District had two employees retire both took advantage of the Super Severance clause in negotiated contract. The payment of this severance's will be paid in fiscal year 2000.

The accrued vacation and sick leave benefits recorded above represent the noncurrent portion of the liability. The current portion has been recorded in the appropriate fund types.

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

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

Year Ending June 30	Principal on General Obligation
2000	\$66,808
2001	66,808
2002	66,808
2003	66,808
2004	66,808
2005-2009	334,040
2010-2013	216,424
Total	\$884,504

**NOTE 15 – SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and vocational education. The table below reflects the more significant financial data

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

relating to the enterprise funds of the District as of and for the fiscal years ended June 30, 1999 and June 30, 1998.

<b>June 30, 1999</b>	Food Service	Uniform School Supply	Rotary Services	Total
Operating Revenues	\$183,204	\$35,390		\$218,594
Operating Expenses less Depreciation	258,928	38,468	\$726	298,122
Depreciation Expense	4,131			4,131
Operating Loss	(79,855)	(3,078)	(726)	(83,659)
Donated Commodities	27,156			27,156
Operating Grants	59,402			59,402
Non-Operating Revenues/Expenditures	(780)			(780)
Net Income	5,923	(3,078)		2,845
Additions to Property, Plant and Equipment	12,401			12,401
Total Assets	102,859	4,265		107,124
Net Working Capital	43,054	1,120		44,174
Total Equity	73,773	1,120		74,893
Encumbrances Outstanding at June 30, 1999	538	2,768		3,306

<b>June 30, 1998</b>	Food Service	Uniform School Supply	Rotary Services	Total
Operating Revenues	\$173,307	\$38,292		\$211,599
Operating Expenses less Depreciation	261,348	37,165	\$400	298,913
Depreciation Expense	2,942			2,942
Operating Income (Loss)	(90,983)	1,127	(400)	(90,256)
Donated Commodities	25,982			25,982
Operating Grants	65,508			65,508
Net Income/(Loss)	507	1,127	543	2,177
Additions to Property, Plant and Equipment	17,672			17,672
Total Assets	97,506	4,197		101,703
Net Working Capital	47,754	4,197		51,951
Total Equity	67,851	4,197		72,048
Encumbrances Outstanding at June 30, 1998	15,698			15,698



**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

**NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Area Computer Services Cooperative**

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Putnam, Paulding, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent school district. The School District paid NOACSC \$4,018 and \$3,855 for services provided during fiscal years 1999 and 1998. Financial information can be obtained from Michael Wildermuth, who serves as director, at 645 South Main Street, Lima, Ohio 45804.

**B. Blanchard Valley Cooperative Vocational Career Center**

The Blanchard Valley Cooperative Vocational Career Center is a distinct political subdivision of the State of Ohio established under Section 3313.90. The Career Center operates under the direction of an Advisory Council consisting of the superintendent of each participating school district and one additional representative appointed by the Findlay City School District. The Putnam and Hancock Counties Educational Service Centers serve in an ex-officio capacity for all meetings. The School District paid the Blanchard Valley Cooperative Vocational Career Center \$42,885 and \$66,004 for services provided during fiscal years 1999 and 1998. To obtain financial information write to the Findlay City School District, Pamela S. Barber, who serves as treasurer, at 227 South West Street, Findlay, Ohio 45840-3377.

**NOTE 17 – INSURANCE POOLS**

**A. Putnam County Schools Insurance Group**

The Putnam County Schools Insurance Group is a shared risk pool among nine local school districts, the Putnam County Board of MR/DD, and the Putnam County Educational Service Center. The insurance group is governed by an advisory committee consisting of each member's superintendent or designee and a teacher from each participating school district. The School District paid the Putnam County Schools Insurance Group \$807 and \$816 for services provided during fiscal years 1999 and 1998. Financial information can be obtained from Kathleen Schmitz, who serves as treasurer, at PO Box 190, Ottawa, Ohio 45875.

**B. NOACSC Workers' Compensation Group Rating Program**

The School District participates in the Northwest Ohio Area Computer Cooperative Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a twenty-five member Board of directors consisting of two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The Treasurer of Findlay City Schools serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. The School District paid GRP \$933 and \$815 for services provided during fiscal years 1999 and 1998.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

**NOTE 18 – CONTINGENT LIABILITIES**

**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.

**NOTE 19 – STATE SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program" which provides significant amounts of monetary support to the School District. During the fiscal years ended June 30, 1999 and 1998, the School District received \$2,205,822 and \$2,017,959 school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature 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 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 these programs and on its financial operations.

**NOTE 20 – YEAR 2000 ISSUE**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

Putnam County collects property taxes for distribution to the Leipsic Local School District. Putnam County is responsible for remediating the tax collection system.

The School District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting through the State's Education Management and Information System (EMIS). The Treasurer's computer had not been remediated at June 30, 1999. The school has one building with power systems which have extensive efficiency utilization measures within the systems.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

The School District currently is assessing the changes needed in the power systems. Systems may have to be remediated, and tested and validated.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determined until the year 2000 and thereafter. Management cannot assure that the District is or will be year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

**NOTE 21 – RESERVATIONS AND DESIGNATION OF FUND BALANCE**

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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In addition, the School District is required to set aside money for budget stabilization.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 1999.

	Textbooks	Capital Improvements	Budget Stabilization	Total
Balance June 30, 1998			\$16,037	\$16,037
Current Year Set Aside Requirement	\$60,106	\$60,106	30,053	150,265
Additional Deposits			240	240
Allowable offsets	(10,573)	(60,106)		(70,679)
Qualifying Expenditures	(49,533)			(49,533)
Balance June 30, 1999			\$46,330	\$46,330
Total Restricted Assets				\$46,330

Amounts of qualifying expenditures presented in the table were limited to those necessary to reduce the year end balance to zero. Although the School District may have had additional qualifying expenditures during the year, by rule, these amounts may not be used to reduce the set aside requirements of future years and are therefore not presented.

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999 AND 1998**  
**(Continued)**

In addition, to the required reserves the Board of Education authorized the Treasurer to deposit additional amounts in the set aside accounts which resulted in an additional designation for budget stabilization as of June 30, 1999. The following table summarizes the additional deposits and related expenditures made during fiscal year 1999:

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Total</u>
Additional amounts deposited during fiscal year 1999	\$65,699	\$12,973	\$48,218	\$126,890
Additional expenditures and encumbrances against designated amounts	(65,699)	(12,973)		(78,672)
Balance June 30, 1999			\$48,218	48,218
Total Designated Assets				<u>\$48,218</u>

**NOTE 22 - OUTSTANDING CONTRACTUAL COMMITMENTS**

As of June 30, 1999, the District had one contract which was for the purchase of a school bus. This commitment was encumbered as of June 30, 1999 in the amount of \$53,653 in the Special Revenue Fund.



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Leipsic Local School District  
Putnam County  
232 Oak Street  
Leipsic, Ohio 45856-1312

To the Board of Education:

We have audited the accompanying financial statements of the Leipsic Local School District, Putnam County, Ohio, (the District) as of and for the years ended June 30, 1999 and 1998, and have issued our report thereon dated December 17, 1999, in which we disclosed that the District changed its method of accounting for investments. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-10269-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 17, 1999.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-10269-002 and 1999-10269-003.

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 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 none of the reportable conditions described above is 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 District in a separate letter dated December 17, 1999.

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

**Jim Petro**  
Auditor of State

December 17, 1999

**SCHEDULE OF FINDINGS  
JUNE 30, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999-10269-001**

**Noncompliance Citation**

Ohio Revised Code § 135.18 states the treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

The District's deposits exceeded depository insurance and pledged collateral throughout the audit period including deposits of \$226,500 at June 30, 1998 and \$522,510 at June 30, 1999 that were uninsured and uncollateralized.

It is recommended that the Treasurer monitor deposits and collateral and either request additional collateral when necessary or deposit a portion of the District funds in another financial institution.

**FINDING NUMBER 1999-10269-002**

**Internal Control - Reportable Condition**

Year 2000 Considerations

Although the Treasurer has tested his computer hardware for year 2000 compliance, the District has not received assurance from its hardware vendor that the Treasurer's computer systems used to process the financial reporting and the fiscal transactions of the District are compatible with Year 2000 requirements nor has the District developed any formal contingency plan to deal with the possibility of a system failure.

This could limit the District's ability to efficiently function in the year 2000 if there is a system failure. It is recommended that the District adopt a contingency plan, in order to minimize any disruptions to operations in the coming year.

**FINDING NUMBER 1999-10269-003**

**Internal Control - Reportable Condition**

Fixed Assets

An update fixed assets listing for fiscal year 1999 was not maintained. To determine the fixed asset balance at year end the District updates a December 1996 appraisal performed by an appraisal company. To determine additions the District includes total expenditures from the 600 object codes, however, there were assets purchased out of other object codes that were not included on the financial statements as fixed assets and there were reduction of expenditures posted to the 600 object codes for assets originally purchased by the District that they received reimbursement for. In addition, deletions are limited to large items (i.e. busses) and smaller deletions such as desks are not included.

**FINDING NUMBER 1999-10269-003**  
**(Continued)**

Although, the current system has not resulted in a material misstatement of fixed asset balances, if an updated assets listing is not maintained and reviewed annually errors may accumulate overtime that would cause the District's fixed asset disclosures to be misleading.

To improve controls over fixed assets it is recommended that the District complete a physical inventory of all property and equipment to ensure all assets are recorded on the fixed asset listing. This listing should be updated annually and reviewed to ensure all additions and deletions are recorded.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**LEIPSIC LOCAL SCHOOL DISTRICT**

**PUTNAM COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 13, 2000**