



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet – All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental and Similar Fiduciary Fund Types	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual Comparison (Non-GAAP Budgetary Basis) – All Governmental Fund Types	10
Combined Statement of Revenues, Expenses, and Changes in Fund Equity – All Proprietary Fund Types	14
Combined Statement of Cash Flows – All Proprietary Fund Types	15
Notes to the General-Purpose Financial Statements	17
Schedule of Federal Awards Receipts and Expenditures	46
Notes to the Schedule of Federal Award Receipts and Expenditures	48
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	49
Report of Independent Accountants on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133	51
Schedule of Findings	53
Schedule of Prior Audit Findings	56

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Ottawa-Glandorf Local School District (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

As described in note 3 to the general-purpose financial statements, during fiscal year 2001 the District changed its method of accounting for tax abatement revenues.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ottawa-Glandorf Local School District, Putnam County, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

February 14, 2002

This page intentionally left blank.

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

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Assets:				
Equity in pooled cash and cash equivalents	\$2,305,856	\$399,940	\$298,320	\$1,549,679
Cash with fiscal agent		3,057		
Receivables:				
Taxes - current and delinquent	3,117,271		83,316	164,865
Accounts		315		
Accrued interest	48,522			
Advances to other funds	20,000			
Due from other governments		666		
Loans receivable				
Prepayments	29,107			
Materials and supplies inventory	1,401			
Restricted assets:				
Equity in pooled cash and cash equivalents	32,039			
Property, plant and equipment (net of accumulated depreciation where applicable)				
Other Debits:				
Amount available in Debt Service Fund				
Amount to be provided for retirement of General Long-Term Obligations				
Total assets and other debits	<u>\$5,554,196</u>	<u>\$403,978</u>	<u>\$381,636</u>	<u>\$1,714,544</u>

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$416,080	\$82,310	\$42,728			\$5,094,913
					3,057
					3,365,452
	1,089				1,404
1					48,523
					20,000
					666
		24,398			24,398
					29,107
5,326					6,727
					32,039
57,055			\$9,657,808		9,714,863
				\$303,867	303,867
				1,307,854	1,307,854
\$478,462	\$83,399	\$67,126	\$9,657,808	\$1,611,721	\$19,952,870

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

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$70,318	\$7,644		\$9,538
Accrued wages and benefits	719,964	42,330		
Compensated absences payable	4,450	11,524		
Pension obligation payable	159,103	4,866		
Advances from other funds				
Claims payable				
Deferred revenue	2,641,582		\$77,769	121,946
Due to students				
Deposits held and due to others				
General obligation bonds payable				
Energy conservation notes payable				
Asbestos removal loan payable				
Total liabilities	3,595,417	66,364	77,769	131,484
Equity and other credits:				
Investment in general fixed assets				
Contributed capital				
Retained earnings: unreserved				
Fund balances:				
Reserved for encumbrances	155,643	35,336		124,203
Reserved for supplies inventory	1,401			
Reserved for prepayments	29,107			
Reserved for debt service			298,320	
Reserved for tax revenue unavailable for appropriation	221,884		5,547	42,919
Reserved for advances	20,000			
Reserved for budget stabilization	32,039			
Reserved for loans				
Designated for budget stabilization	197,862			
Designated for termination benefits		185,868		
Unreserved-undesignated	1,300,843	116,410		1,415,938
Total equity and other credits	1,958,779	337,614	303,867	1,583,060
Total liabilities, equity and other credits	\$5,554,196	\$403,978	\$381,636	\$1,714,544

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$5,695					\$93,195
18,922	\$3				781,219
19,829				\$920,418	956,221
18,039				54,788	236,796
20,000					20,000
	3,886				3,886
3,849					2,845,146
		\$30,735			30,735
		2,713			2,713
				500,000	500,000
				124,500	124,500
				12,015	12,015
<u>86,334</u>	<u>3,889</u>	<u>33,448</u>		<u>1,611,721</u>	<u>5,606,426</u>
			\$9,657,808		9,657,808
52,546					52,546
339,582	79,510				419,092
		779			315,961
					1,401
					29,107
					298,320
					270,350
					20,000
					32,039
		24,398			24,398
					197,862
					185,868
		8,501			2,841,692
<u>392,128</u>	<u>79,510</u>	<u>33,678</u>	<u>9,657,808</u>		<u>14,346,444</u>
<u>\$478,462</u>	<u>\$83,399</u>	<u>\$67,126</u>	<u>\$9,657,808</u>	<u>\$1,611,721</u>	<u>\$19,952,870</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
From local sources:		
Taxes	\$4,218,363	
Payment in lieu of taxes		
Earnings on investments	239,554	5,891
Extracurricular activities		374,603
Other local revenues	114,165	11,336
Intergovernmental - State	5,035,732	317,300
Intergovernmental - Federal		282,373
Total revenue	<u>9,607,814</u>	<u>991,503</u>
Expenditures:		
Current:		
Instruction:		
Regular	4,965,639	224,075
Special	937,148	139,573
Vocational	135,701	
Other	50,753	
Support services:		
Pupil	358,199	28,714
Instructional staff	299,588	37,542
Board of Education	26,939	
Administration	765,635	149,661
Fiscal	331,042	1,484
Business	226	
Operations and maintenance	648,014	27,776
Pupil transportation	590,931	1,028
Central	40	9,555
Community services		271,293
Extracurricular activities	201,453	242,858
Facilities services	20,500	
Debt service:		
Principal retirement		
Interest and fiscal charges		
Total expenditures	<u>9,331,808</u>	<u>1,133,559</u>
Excess of revenues over (under) expenditures	<u>276,006</u>	<u>(142,056)</u>
Other financing sources (uses):		
Operating transfers in		75,000
Operating transfers out	(76,963)	
Total other financing sources (uses)	<u>(76,963)</u>	<u>75,000</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	199,043	(67,056)
Fund balance, July 1	1,759,266	404,670
Increase in reserve for inventory	470	
Fund balance, June 30	<u><u>\$1,958,779</u></u>	<u><u>\$337,614</u></u>

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

Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$191,815	\$184,250		\$4,594,428
	237,111		237,111
	84,000		329,445
			374,603
		\$1,399	126,900
10,389	90,967		5,454,388
			282,373
<u>202,204</u>	<u>596,328</u>	<u>1,399</u>	<u>11,399,248</u>
	17,433		5,207,147
			1,076,721
			135,701
			50,753
			386,913
	48,614		385,744
			26,939
			915,296
3,993	2,500		339,019
			226
	176,357		852,147
			591,959
			9,595
		1,400	272,693
			444,311
			20,500
135,000			135,000
49,698			49,698
<u>188,691</u>	<u>244,904</u>	<u>1,400</u>	<u>10,900,362</u>
<u>13,513</u>	<u>351,424</u>	<u>(1)</u>	<u>498,886</u>
			75,000
			(76,963)
			(1,963)
13,513	351,424	(1)	496,923
290,354	1,231,636	33,679	3,719,605
			470
<u>\$303,867</u>	<u>\$1,583,060</u>	<u>\$33,678</u>	<u>\$4,216,998</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	General		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Taxes	\$4,232,596	\$4,192,298	(\$40,298)
Payment in lieu of taxes			
Earnings on investments	242,156	205,873	(36,283)
Extracurricular activities			
Other local revenues	194,264	114,165	(80,099)
Intergovernmental - State	4,809,004	5,038,082	229,078
Intergovernmental - Federal			
Total revenues	<u>9,478,020</u>	<u>9,550,418</u>	<u>72,398</u>
Expenditures:			
Current:			
Instruction:			
Regular	5,082,705	4,951,765	130,940
Special	950,410	938,200	12,210
Vocational	196,306	148,776	47,530
Other	55,002	52,955	2,047
Support services:			
Pupil	366,109	363,319	2,790
Instructional staff	330,411	300,194	30,217
Board of Education	34,492	33,198	1,294
Administration	791,821	767,685	24,136
Fiscal	354,397	339,666	14,731
Business	285	285	
Operations and maintenance	749,303	702,083	47,220
Pupil transportation	569,070	572,537	(3,467)
Central	40	40	
Community services			
Extracurricular activities	210,361	207,302	3,059
Facilities services	20,500	20,500	
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>9,711,212</u>	<u>9,398,505</u>	<u>312,707</u>
Excess of revenues over (under) expenditures	<u>(233,192)</u>	<u>151,913</u>	<u>385,105</u>
Other financing sources (uses):			
Refund of prior year's expenditures			
Operating transfers in			
Operating transfers (out)	(73,926)	(76,963)	(3,037)
Advances in		16,882	16,882
Advances (out)			
Total other financing sources (uses)	<u>(73,926)</u>	<u>(60,081)</u>	<u>13,845</u>
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(307,118)</u>	<u>91,832</u>	<u>398,950</u>
Fund balances, July 1	1,817,279	1,817,279	
Prior year encumbrances appropriated	223,883	223,883	
Fund balances, June 30	<u>\$1,734,044</u>	<u>\$2,132,994</u>	<u>\$398,950</u>

Special Revenue			Debt Service		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$244,903		(\$244,903)	\$194,859	\$193,298	(\$1,561)
	\$5,891	5,891			
362,499	374,603	12,104			
7,504	10,910	3,406			
318,595	317,300	(1,295)	10,389	10,389	
350,730	352,472	1,742			
<u>1,284,231</u>	<u>1,061,176</u>	<u>(223,055)</u>	<u>205,248</u>	<u>203,687</u>	<u>(1,561)</u>
222,700	211,234	11,466			
160,085	147,371	12,714			
35,131	27,711	7,420			
40,452	36,248	4,204			
173,156	154,337	18,819			
41,584	1,577	40,007	3,993	3,993	
29,110	28,844	266			
	1,023	(1,023)			
9,895	9,853	42			
290,984	275,351	15,633			
277,034	260,384	16,650			
			135,000	135,000	
			49,698	49,698	
<u>1,280,131</u>	<u>1,153,933</u>	<u>126,198</u>	<u>188,691</u>	<u>188,691</u>	
<u>4,100</u>	<u>(92,757)</u>	<u>(96,857)</u>	<u>16,557</u>	<u>14,996</u>	<u>(1,561)</u>
	100	100			
60,000	75,000	15,000			
<u>(16,882)</u>	<u>(16,882)</u>				
<u>43,118</u>	<u>58,218</u>	<u>15,100</u>			
47,218	(34,539)	(81,757)	16,557	14,996	(1,561)
350,430	350,430		283,324	283,324	
43,106	43,106				
<u>\$440,754</u>	<u>\$358,997</u>	<u>(\$81,757)</u>	<u>\$299,881</u>	<u>\$298,320</u>	<u>(\$1,561)</u>

(Continued)

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

	Capital Projects		
	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Taxes	\$149,946	\$149,946	
Payment in lieu of taxes	16,409	237,111	\$220,702
Earnings on investments	12,000	84,000	72,000
Extracurricular activities			
Other local revenues			
Intergovernmental - State	88,467	90,967	2,500
Intergovernmental - Federal			
Total revenues	<u>266,822</u>	<u>562,024</u>	<u>295,202</u>
Expenditures:			
Current:			
Instruction:			
Regular	17,433	17,433	
Special			
Vocational			
Other			
Support services:			
Pupil			
Instructional staff	86,300	85,576	724
Board of Education			
Administration			
Fiscal	49,044	2,500	46,544
Business			
Operations and maintenance	306,453	263,597	42,856
Pupil transportation			
Central			
Community services			
Extracurricular activities			
Facilities services	438		438
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>459,668</u>	<u>369,106</u>	<u>90,562</u>
Excess of revenues over (under) expenditures	<u>(192,846)</u>	<u>192,918</u>	<u>385,764</u>
Other financing sources (uses):			
Refund of prior year's 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)	(192,846)	192,918	385,764
Fund balances, July 1	1,168,581	1,168,581	
Prior year encumbrances appropriated	54,439	54,439	
Fund balances, June 30	<u><u>\$1,030,174</u></u>	<u><u>\$1,415,938</u></u>	<u><u>\$385,764</u></u>

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

Total (Memorandum only)

Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$4,822,304	\$4,535,542	(\$286,762)
16,409	237,111	220,702
254,156	295,764	41,608
362,499	374,603	12,104
201,768	125,075	(76,693)
5,226,455	5,456,738	230,283
350,730	352,472	1,742
<u>11,234,321</u>	<u>11,377,305</u>	<u>142,984</u>
5,322,838	5,180,432	142,406
1,110,495	1,085,571	24,924
196,306	148,776	47,530
55,002	52,955	2,047
401,240	391,030	10,210
457,163	422,018	35,145
34,492	33,198	1,294
964,977	922,022	42,955
449,018	347,736	101,282
285	285	
1,084,866	994,524	90,342
569,070	573,560	(4,490)
9,935	9,893	42
290,984	275,351	15,633
487,395	467,686	19,709
20,938	20,500	438
135,000	135,000	
49,698	49,698	
<u>11,639,702</u>	<u>11,110,235</u>	<u>529,467</u>
<u>(405,381)</u>	<u>267,070</u>	<u>672,451</u>
	100	100
60,000	75,000	15,000
(73,926)	(76,963)	(3,037)
	16,882	16,882
<u>(16,882)</u>	<u>(16,882)</u>	
<u>(30,808)</u>	<u>(1,863)</u>	<u>28,945</u>
(436,189)	265,207	701,396
3,619,614	3,619,614	
321,428	321,428	
<u>\$3,504,853</u>	<u>\$4,206,249</u>	<u>\$701,396</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating revenues:			
Tuition and fees	\$38,830		\$38,830
Sales/charges for services	389,886		389,886
Other operating revenues		\$50,824	50,824
Total operating revenues	<u>428,716</u>	<u>50,824</u>	<u>479,540</u>
Operating expenses:			
Personal services	238,159	2,147	240,306
Contract services	12,512	4,165	16,677
Materials and supplies	300,691		300,691
Depreciation	8,992		8,992
Other	70		70
Claims expense		51,224	51,224
Total operating expenses	<u>560,424</u>	<u>57,536</u>	<u>617,960</u>
Operating loss	<u>(131,708)</u>	<u>(6,712)</u>	<u>(138,420)</u>
Nonoperating revenues:			
Operating grants	62,652		62,652
Federal commodities	41,670		41,670
Interest revenue	22,508		22,508
Total nonoperating revenues	<u>126,830</u>		<u>126,830</u>
Net loss before operating transfers	(4,878)	(6,712)	(11,590)
Operating transfers in		1,963	1,963
Net loss	(4,878)	(4,749)	(9,627)
Retained earnings July 1	344,460	84,259	428,719
Retained earnings June 30	<u><u>\$339,582</u></u>	<u><u>\$79,510</u></u>	<u><u>\$419,092</u></u>

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

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

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash flows from operating activities:			
Cash received from tuition and fees	\$79,232		\$79,232
Cash received from sales/service charges	349,484		349,484
Cash received from other operations		\$49,735	49,735
Cash payments for personal services	(231,009)	(2,224)	(233,233)
Cash payments for contract services	(10,852)		(10,852)
Cash payments for supplies and materials	(255,162)		(255,162)
Cash payments for claims expense		(55,102)	(55,102)
Cash payments for other expenses	(70)		(70)
Net cash used in operating activities	<u>(68,377)</u>	<u>(7,591)</u>	<u>(75,968)</u>
Cash flows from noncapital financing activities:			
Cash received from operating grants	62,652		62,652
Cash received from transfers in		1,963	1,963
Net cash provided by noncapital financing activities	<u>62,652</u>	<u>1,963</u>	<u>64,615</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(877)		(877)
Cash flows from investing activities:			
Interest received	22,507		22,507
Net increase (decrease) in cash and cash equivalents	15,905	(5,628)	10,277
Cash and cash equivalents at beginning of year	400,175	87,938	488,113
Cash and cash equivalents at end of year	<u>\$416,080</u>	<u>\$82,310</u>	<u>498,390</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	(\$131,708)	(\$6,712)	(\$138,420)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	8,992		8,992
Federal donated commodities	41,670		41,670
Changes in assets and liabilities:			
Increase in supplies inventory	(415)		(415)
Decrease in accounts receivable		3,076	3,076
Increase in accounts payable	5,695		5,695
Increase in accrued wages and benefits	425	1	426
Increase in compensated absences payable	641		641
Increase (decrease) in pension obligation payable	6,084	(78)	6,006
Decrease in claims payable		(3,878)	(3,878)
Increase in deferred revenue	239		239
Net cash used in operating activities	<u>(\$68,377)</u>	<u>(\$7,591)</u>	<u>(\$75,968)</u>

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

This page intentionally left blank.

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

1. DESCRIPTION OF THE SCHOOL DISTRICT

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

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

The District currently operates 2 elementary schools and 1 comprehensive high school. The District employs 67 non-certified and 113 certified (including administrative) full-time and part-time employees to provide services to approximately 1,821 students in grades K through 12 and various community groups, which ranks it 314 out of approximately 682 public and community school districts in the State.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization.

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

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

JOINTLY GOVERNED ORGANIZATIONS:

Northwest Ohio Area Computer Services Cooperative

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

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Michael Wildermuth, who serves as director, at 645 South Main Street, Lima, Ohio 45804.

Millstream Cooperative Vocational Career Center

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

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

B. Fund Accounting

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

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

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

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

1. *GOVERNMENTAL FUNDS*

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

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

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

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

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

2. *PROPRIETARY FUNDS*

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

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

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

3. *FIDUCIARY FUNDS*

Trust and Agency Funds - These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Expendable Trust and Agency Funds.

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

Expendable trusts are accounted for in the essentially the same manner as Governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are reported on a cash basis, with note disclosure regarding items which, in other fund types, would be subject to accrual.

4. ACCOUNT GROUPS

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

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

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

C. Measurement Focus/Basis of Accounting

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

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

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2001 but which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

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

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

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

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The Proprietary funds receive no revenue from property taxes.

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2001 is as follows:

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Putnam County Budget Commission for tax rate determination.

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2001 in the following amounts:

	Increase/ <u>(Decrease)</u>
General	\$204,650
Special Revenue	(71,629)
Debt Service	(7,410)
Capital Projects	(182,000)
Enterprise	64,002
Internal Service	(19,562)
Expendable Trust	0
Agency	<u>(9,955)</u>
Total	<u><u>\$(21,904)</u></u>

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

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

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis (Exhibit 1) and as the equivalent of expenditures on a non-GAAP budgetary basis (Exhibit 3) in order to demonstrate legal compliance. Note 16 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Proprietary funds are disclosed in Note 13.

E. Cash and Investments

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

During fiscal 2001, investments were limited to certificates of deposit and federal agency securities.

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

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

	<u>Interest Actually Received</u>	<u>Interest Based upon Share of Investments</u>	<u>Interest Assigned from Other Funds</u>
General Fund	\$239,554	\$160,350	\$79,204
Special Revenue Funds:			
Auxiliary Services	5,891	2,569	3,322

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

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

F. Inventory

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

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

G. Prepaids

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

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group.

2. Proprietary Funds

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

I. Intergovernmental Revenues

In Governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary fund operations

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

(excluding commodities) are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchases

Debt Service Fund

State Property Tax Relief

Capital Projects Fund

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services
Professional Development Block Grant
Management Information Systems
Public School Preschool
Title VI-B
Title I
Title VI
Preschool for the Handicapped
Title II - Eisenhower
Ohio Reads
Drug Free Schools Grant
Title VIR - Reducing the Class Size
Raising the Bar
Virtual Middle School Grant
Continuous Improvement Grant
Excellence in Education
School Net - Professional Development Grant
Ohio Reads Summer Reading Program
Summer Intervention
Family Stability Grant
Safe Schools Hot Line
Miscellaneous State Grant OneNet
Teacher Training Development

Capital Projects Funds

School Net
Interactive Video Distance Learning
OneNet
SchoolNet Praise Grant

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

Reimbursable Grants

General Fund

Driver Education
Vocational Education Travel/Salary

Proprietary

National School Lunch Program
National School Milk Program

Grants and entitlements amounted to over 50% of the District's operating revenue during the 2001 fiscal year.

J. Interfund Transactions

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

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

An analysis of the District's interfund transactions for fiscal year 2001 is presented in Note 5.

K. Contributed Capital

Contributed capital reported in the Enterprise funds represents resources provided from other funds, other governments, and private sources that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. Contributed capital did not change during fiscal year 2001.

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

L. Compensated Absences

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

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

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

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

M. Long-Term Obligations

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

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

N. Fund Equity

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

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

under State statute. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

Additionally, a portion of the Special Revenue Funds' balance has been designated for long-term termination benefits. However, cash in the Special Revenue funds has not been restricted, and the Board of Education may, at a future date, reappropriate this money for other purposes.

The District has also elected to set-aside a total of \$197,862 in excess of the statutory requirement for budget stabilization. This amount is reported as designated fund balance on the combined balance sheet.

O. Statutory Reserves

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by 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 prior years, the School District was also required to set aside money for budget stabilization. For fiscal year 2001, only the unspent portion of certain workers' compensation refunds continues to be set aside at fiscal year end.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Balance June 30, 2000	(\$82,723)		\$73,064
Current Year Set Aside Requirement	237,391	\$237,391	
Current Year Offset		(111,982)	
Legislative Reduction			(41,025)
Qualifying Expenditures	<u>(173,774)</u>	<u>(125,409)</u>	<u> </u>
Amount Carried Forward to Fiscal Year 2002	<u>(\$19,106)</u>	<u> </u>	<u>\$32,039</u>
Set Aside Reserve Balance June 30, 2001	<u> </u>	<u> </u>	<u>\$32,039</u>

P. Statement of Cash Flows

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

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

Q. Financial Reporting for Proprietary and Similar Fund Types

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

R. Parochial Schools

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

S. Restricted Assets

Restricted assets in the General fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only for specific purposes. A fund balance reserve has also been established. See Note 2.O for detail of statutory reserves. Cash is not restricted for designations of fund balance, because designations are not required by statute, and may be changed or eliminated at management's discretion.

T. Estimates

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

U. Memorandum Only - Total Columns

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

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. The adoption of these statements had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

B. Prior Period Restatement

In prior years the District had receipted tax abatement revenues specified for capital projects in the Special Revenue Funds, for fiscal year 2001 these funds have been appropriately receipted in the Capital Projects Funds. This change had the following affect on the fund balances as previously reported at June 30, 2000:

	Special Revenue	Capital Projects
Balances as reported at June 30, 2000	\$1,396,430	\$239,876
Restatement	(991,760)	991,760
Restated balance at July 1, 2000	\$404,670	\$1,231,636

This change had the following affect on the excess of revenues over/under expenditures as previously reported at June 30, 2000:

	Special Revenue	Capital Projects
Excess of revenues over/under disbursements as reported at June 30, 2000	\$1,275,944	(\$134,031)
Restatement	(123,542)	123,542
Restated excess of revenues over/under disbursements at June 30, 2000	\$1,152,402	(\$10,489)

C. Deficit Balances/Retained Earnings

Fund balances/retained earnings at June 30, 2001 included the following individual fund deficits:

	Deficit Fund Balance/ Retained Earnings
<u>Special Revenue Funds</u>	
Public School Preschool	\$(1,894)
SchoolNet Professional Development	(15)
Title VI-B	(5,100)
Title VI	(645)
Miscellaneous Federal Grants	(50)
 <u>Enterprise Fund</u>	
Food Service	(13,281)
Uniform School Supplies	(6,357)

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

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

D. Compliance

Although there were no funds with deficit cash balances at year end there were various funds with deficit cash balances throughout the year, ranging in amounts from \$8 to \$22,871.

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

4. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the date of purchase in an amount not to exceed 25% of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Cash with Fiscal Agent: At year-end, \$3,057 was on deposit with the District's fiscal agent for pass-through grants and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

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

Deposits: At year-end the carrying amount of the District's deposits was \$1,825,498 and the bank balance was \$1,943,171 (both amounts include \$250,000 in non-negotiable certificates of deposit, and \$1,227,595 in a money market account). Of the bank balance:

1. \$269,045 was covered by federal deposit insurance; and

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. \$1,674,126 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

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

	<u>Category 3</u>	<u>Fair Value</u>
U.S. Government Securities	<u>\$3,301,079</u>	<u>\$3,301,079</u>

The federal agency securities have maturity dates ranging from August, 2001 to April, 2006.

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

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

	<u>Equity in Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$5,130,009	
Investments of the Cash Management Pool:		
U.S. Government Securities	(3,301,079)	\$3,301,079
Cash on Hand	(375)	
Cash with Fiscal Agent	(3,057)	
GASB Statement No. 3	<u>\$1,825,498</u>	<u>\$3,301,079</u>

5. INTERFUND TRANSACTIONS

A. Advances to/from other funds

Interfund balances at June 30, 2001, consist of the following individual interfund advances:

	<u>Advances to other funds</u>	<u>Advances from other funds</u>
General Fund	\$20,000	
Enterprise Funds:		
Uniform School Supplies		(\$20,000)
Totals	<u>\$20,000</u>	<u>(\$20,000)</u>

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

B. The following is a reconciliation of the District's operating transfers for fiscal year 2001:

	Transfers In	Transfers (Out)
General Fund		(\$76,963)
Special Revenue Funds:		
Termination Benefits Fund	\$60,000	
District Managed Activity Fund	15,000	
Internal Service Fund:		
Employee Benefits Self-Insurance	1,963	
Totals	\$76,963	(\$76,963)

6. PROPERTY TAXES

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

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

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

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

The assessed values upon which the fiscal year 2001 taxes were collected were as follows:

	2000 Second-half Collections		2001 First-half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$123,381,400	77.63%	\$127,289,180	76.47%
Public Utility Personal	7,211,070	4.54%	8,160,290	4.90%
Tangible Personal Property	28,342,077	17.83%	31,007,842	18.63%
Total	\$158,934,547	100.00%	\$166,457,312	100.00%

Tax rate per \$1,000 of assessed valuation:

Operations	\$22.90	\$22.90
Debt Service	0.80	0.50
Permanent Improvements	1.50	1.50

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2001 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2001 totaled \$221,884 in the General fund, \$5,547 in the Debt Service fund and \$42,919 in the Permanent Improvements fund.

7. INCOME TAX

The District levies a voted tax of one-half percent for general obligations on the income of residents and of estates. The tax was effective January 1, 1993, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General fund. Taxes receivable reported on the Combined Balance Sheet includes \$299,493 in income tax receivable.

8. RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts, interest, interfund loans, and intergovernmental grants and entitlements (to the extent such grants and/or entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - Current and Delinquent	\$3,117,271
<u>Debt Service Fund</u>	
Taxes - Current and Delinquent	83,316

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

<u>Capital Projects Fund</u>	
Taxes - Current and Delinquent	164,865
<u>Expendable Trust Fund</u>	
Loans Receivable	24,398

9. NOTES RECEIVABLE

The Hermiller-Lytle Scholarship Fund was established in 1974 through a will. Qualified students may borrow up to \$1,900 to pay for the costs of higher education. Repayments begin six months after termination of college attendance. Also at that time, the principal begins accruing interest at a rate of 3% per annum. At the close of fiscal year 2001, there were 41 loans outstanding, with a total principal balance of \$24,398.

10. FIXED ASSETS

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

	Balance 07/01/00	Additions	Deletions	Balance 06/30/01
Land and Improvements	\$583,144	\$18,616		\$601,760
Buildings and Improvements	4,953,090	124,557		5,077,647
Equipment/Furniture	2,525,043	312,418	(\$2,191)	2,835,270
Vehicles	1,072,380	119,924	(58,584)	1,133,720
Construction in Progress		9,411		9,411
Totals	\$9,133,657	\$584,926	(\$60,775)	\$9,657,808

A summary of the Proprietary fixed assets at June 30, 2001 follows:

Furniture and Equipment	\$174,076
Less: Accumulated Depreciation	117,021
Net Fixed Assets	\$57,055

11. LONG-TERM OBLIGATIONS

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

Energy conservation bonds and the asbestos removal loan outstanding are general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these obligations are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these obligations are recorded as expenditures in the Debt Service fund; however, unlike general obligation bonds, Ohio statute allows for the issuance of energy

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

conservation bonds without voter approval, and the subsequent repayment of the bonds from operating revenues. The asbestos removal loan is interest-free, providing repayment remains current.

A. The following is a description of the District's bonds and loan outstanding as of June 30, 2001:

Purpose	Interest Rates	Issue Date	Maturity Date	Balance at 7/1/00	Retired in Fiscal 2001	Balance at 6/30/01
Construction Bonds	7.5%	07/01/86	12/01/10	\$550,000	\$50,000	\$500,000
Asbestos Removal Loan	None	05/31/94	05/31/07	14,015	2,000	12,015
Energy Conservation Notes	4.0%	07/01/92	07/01/02	207,500	83,000	124,500
				<u>\$771,515</u>	<u>\$135,000</u>	<u>\$636,515</u>

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

Year Ending June 30	Principal	Interest	Total
2002	\$135,000	\$41,348	\$176,348
2003	93,500	33,012	126,512
2004	52,000	28,125	80,125
2005	52,000	24,375	76,375
2006	52,000	20,625	72,625
2007-2011	252,015	46,875	298,890
Total	<u>\$636,515</u>	<u>\$194,360</u>	<u>\$830,875</u>

C. During the year ended June 30, 2001, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and the pension obligation will be paid from the fund from which the employee is paid.

	Balance at 7/1/00	Increase	Decrease	Balance at 6/30/01
Compensated Absences	\$833,278	\$126,094	\$38,954	\$920,418
Asbestos Removal Loan	14,015		\$2,000	12,015
General Obligation Bonds	550,000		50,000	500,000
Pension Obligation	57,900	54,788	57,900	54,788
Energy Conservation Notes	207,500		83,000	124,500
Total	<u>\$1,662,693</u>	<u>\$180,882</u>	<u>\$231,854</u>	<u>\$1,611,721</u>

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001 are a voted debt margin of \$14,469,143 (including available funds of \$303,867), an unvoted debt margin of \$150,442, and an unvoted energy conservation debt margin of \$1,373,616.

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disaster. During fiscal year 2001, the District contracted with Indiana Insurance for property insurance and fleet insurance and with Nationwide Insurance for liability insurance.

Coverages provided by Indiana Insurance are as follows:

	<u>Deductible</u>	<u>Coverage</u>
Building and Contents - Replacement cost	\$1,000	\$16,841,563
Earthquake Coverage	5%	16,841,563
Boiler and Machinery - Limit per accident	1,000	7,500,000
Musical Instruments	25	199,947
Audio and Visual Equipment and Computers	25	112,279
Miscellaneous Scheduled Property	100	41,541
Automobile Liability	250	1,000,000
Commercial General Liability	-	1,000,000
Umbrella Liability	-	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in amounts of insurance coverage from fiscal 2000.

The District participates in the Northwest Ohio Area Computer Services Cooperative Workers' Compensation Group Rating Program (the "Plan"), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement. The GRP's business and affairs are conducted by a 25 member Board of Directors consisting of two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The Treasurer of Findlay City Schools serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The District participates in the Putnam County Schools Insurance Group (PCSIG), an insurance purchasing pool consisting of 11 member entities. The experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the PCSIG. The District pays monthly premiums to the Medical Mutual of Ohio for employee group medical, dental, and prescription insurances. Depending upon the plan chosen, the employees share a portion of the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. Regardless of the plan utilized by the employees, all group benefit plans are traditionally funded, and the District does not retain any risk of loss.

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

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

The claims liability of \$3,886 reported in the Self Insurance internal service fund at June 30, 2001, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements amount can be reasonably estimated. The liability is based on a case by case review of all the claims paid after the balance sheet date. Changes in the claims activity for the last three fiscal years were as follows:

<u>Fiscal Year</u>	<u>Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
1999	\$14,827	\$161,910	\$163,722	\$13,015
2000	13,015	146,227	151,478	7,764
2001	7,764	51,224	55,102	3,886

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

13. SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains four Enterprise funds to account for the operations of Food Services, Uniform School Supplies, Adult Education, and Preschool/Latchkey. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Adult Education</u>	<u>Preschool/ Latchkey</u>	<u>Total</u>
Operating Revenue	\$349,414	\$40,402	\$0	\$38,900	\$428,716
Depreciation Expense	6,980			2,012	8,992
Operating Income (Loss)	(141,166)	(1,477)		10,935	(131,708)
Non-Operating Revenue:					
Operating Grants	62,652				62,652
Donated Federal Commodities	41,670				41,670
Net Income (Loss)	(34,836)	(1,477)		31,435	(4,878)
Net Working Capital	12,430	13,643	402	348,427	374,902
Total Assets	99,439	17,528	402	361,093	478,462
Fixed Assets:					
Addition	877				877
Long-Term Liabilities Payable					
from Fund Revenues	39,829				39,829
Contributed Capital	52,546				52,546
Total Fund Equity	40,585	(6,357)	402	357,498	392,128
Encumbrances at June 30, 2001	15,827	17,099			32,926

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

14. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent; 4.2 percent was the portion to fund pension obligations for fiscal year 2001. For fiscal years 2000 and 1999, 5.5 percent and 7.7 percent was the portion to fund pension obligations, respectively. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$167,119, \$206,233, and \$192,647, respectively. 43.8 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$32,230, representing the unpaid contribution for fiscal year 2001 is recorded as a limited liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion 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 contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$694,120, \$710,218, and \$643,935, respectively. 82 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$82,634 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

15. POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired 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 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$223,110.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000, and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. 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 the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. 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 2001, the minimum pay was established at \$12,400. For the District, the amount to fund health care benefits, including the surcharge, was \$133,639 for fiscal year 2001.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140,696,340, and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

16. BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis).

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
Budget Basis	\$91,832	(\$34,539)	\$14,996	\$192,918
Net adjustment for revenue accruals	57,396	(69,673)	(1,483)	34,304
Net adjustment for expenditure accruals	(124,454)	(20,569)		(9,539)
Net adjustment for other financing sources/(uses)	(16,882)	16,782		
Adjustment for encumbrances	191,151	40,943		133,741
GAAP Basis	\$199,043	(\$67,056)	\$13,513	\$351,424

17. CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

B. Litigation

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

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

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

C. School Funding Decision

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of February 14, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

18. SUBSEQUENT EVENTS

In fiscal year 2002, the District was approved for a grant from the Ohio School Facilities Commission for a building construction and renovation project. State financing in the amount of \$18,179,658 for the project is contingent upon voter approval of a bond issue which will provide the necessary funds to meet the District's required amount of \$18,921,685 for the project. The District anticipates placement of a bond issue on the May 2002 ballot.

This page intentionally left blank.

This page intentionally left blank.

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
UNITED STATES DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
<u>Nutrition Cluster:</u>		
Food Distribution Program	-	10.550
National School Lunch Program	LL-P1-01	10.555
Total Department of Agriculture - Nutrition Cluster		
UNITED STATES DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	49379-C1-S1-00 49379-C1-S1-01	84.010 84.010
Total Title I Grants		
<u>Special Education Cluster:</u>		
Special Education-Grants to States	49379-6B-SF-00 49379-6B-SF-01	84.027 84.027
Total Special Education Grant		
Special Education-Preschool Grants	49379-PG-S1-00 49379-PG-S1-01	84.173 84.173
Total Special Education Preschool Grants		
Total Special Education Cluster		
Safe and Drug Free Schools and Communities Grant	49379-DR-S1-01	84.186
Goals 2000 - State and Local Education Systematic Improvement	49379-G2-S2-99	84.276
Eisenhower Professional Development	49379-MS-S1-01	84.281
Innovative Educational Program Strategies	49379-C2-S1-99C 49379-C2-S1-00 49379-C2-S1-01	84.298 84.298 84.298
Total Innovative Education Program		
Technology Literacy Challenge Fund Grant	49379-TF-VM-00 49379-TF-VM-00	84.318 84.318
Total Technology Literacy Challenge		
Class Size Reduction	49379-CR-S1-01	84.340
Total Department of Education		
Totals		

The accompanying notes are an integral part of this schedule.

Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
	\$43,691		\$41,670
\$60,252		\$60,252	
60,252	43,691	60,252	41,670
31,700		24,104	
94,691		81,967	
126,391		106,071	
39,066		33,538	
104,533		103,217	
143,599		136,755	
		967	
9,614		5,809	
9,614		6,776	
153,213		143,531	
8,515		8,515	
		1,439	
5,302		5,302	
		1,211	
		2,068	
10,163		7,823	
10,163		11,102	
		62,500	
4,658		5,028	
4,658		67,528	
36,627		22,129	
344,869		365,617	
\$405,121	\$43,691	\$425,869	\$41,670

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – MATCHING REQUIREMENTS

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

NOTE C - FOOD DISTRIBUTION

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



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

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

To the Board of Education:

We have audited the financial statements of Ottawa-Glandorf Local School District (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated February 14, 2002, in which we disclosed the District changed its method of accounting for tax abatement revenues. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-10269-001 and 2001-10269-002. We also noted a certain immaterial instance of noncompliance, which we have reported to the management of the District in a separate letter dated February 14, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated February 14, 2002.

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

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

Jim Petro
Auditor of State

February 14, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

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

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

To the Board of Education:

Compliance

We have audited the compliance of Ottawa-Glandorf Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

February 14, 2002

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Education Agencies - CFDA #84.010 Special Education Cluster: Special Education-Grants to States - CFDA #84.027 and Special Education-Preschool Grant - CFDA #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2001-10269-001

Noncompliance Citation

Ohio Revised Code § 5705.10 states money paid into any fund shall be used only for the purposes for which the fund was established. The existence of a deficit balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance. Although there were no funds with deficit cash balances at fiscal year end, the following funds were found to have deficit balances sometime during fiscal year 2001 by a maximum of the amounts listed:

FINDING NUMBER 2001-10269-001
(Continued)

	Fund	Maximum deficit at anytime throughout the year
002-0000	Bond Retirement Fund	\$746
002-9094	Bond Retirement for Asbestos Fund	\$1,000
007-9818	High School Flower Fund	\$8
007-9851	Ottawa-Glandorf Board Scholarship Fund	\$400
200-9802	Class of 2002 Fund	\$886
300-9841	J.E.D.I. Fund	\$69
416	Professional Development Fund	\$425
439	Preschool Fund	\$11,419
452	Professional Development Grant Fund	\$2,300
499-9001	Safe School Hot Line State Grant Fund	\$463
499-9901	Miscellaneous State Grant OneNet Fund	\$9,000
514	Title II Eisenhower Grant Fund	\$530
516	Title VI B Fund	\$22,871
572	Title I Fund	\$11,477
573	Title VI Fund	\$11,090
584	Drug Free School Grant Fund	\$5,960
587	Preschool Handicapped Fund	\$19
590	Reducing the Class Size Fund	\$14,498
599-9001	Virtual Middle School Grant Fund	\$1,235
599	Raising the Bar Fund	\$11,726

To improve controls over individual fund activity we recommend the District make transfers or advances from the General Fund, or reduce planned expenditures as necessary to avoid deficit balances.

FINDING NUMBER 2001-10269-002

Noncompliance Citation

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

This section also provides two exceptions to the above requirements:

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

FINDING NUMBER 2001-10269-002
(Continued)

Thirty-eight percent of the transactions tested did not include prior certification of the Treasurer nor were they certified using a then-and-now certification. Certification is not only required by Ohio law but is also a key control in the disbursement process to help assure that purchase commitments receive prior approval and to help reduce the possibility of District funds being over expended.

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

3. FINDINGS FOR FEDERAL AWARDS

None.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-10269-001	ORC § 5705.10 deficit fund cash balances.	No	Finding has not been corrected and is repeated in this report.
2000-10269-002	ORC § 5705.41(D) certification of funds	No	Finding has not been corrected and is repeated in this report.
2000-10269-003	ORC § 5705.41(B) expenditures in excess of appropriations	Yes	
2000-10269-004	34 CFR 80.32 equipment purchases not included on inventory records	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT

PUTNAM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 5, 2002**