



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis	10
Statement of Activities – Cash Basis	12
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds.....	14
Statement of Cash Receipts, Disbursements and Changes in Fund Balances – Cash Basis - Governmental Funds.....	15
Statement of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual - Budget Basis – General Fund.....	16
Statement of Fund Net Assets – Cash Basis Preschool Fund.....	17
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets – Cash Basis – Preschool Fund.....	18
Statement of Fiduciary Net Assets – Cash Basis	19
Notes to the Basic Financial Statements.....	20
Federal Awards Receipts and Expenditures Schedule.....	42
Notes to the Federal Awards Receipts and Expenditures Schedule	43
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	45
Independent Accountants' Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	47
Schedule of Findings.....	49
Schedule of Prior Audit Findings.....	53

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa-Glandorf Local School District, Putnam County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa-Glandorf Local School District, Putnam County, Ohio, as of June 30, 2008, and the respective changes in cash financial position and the budgetary comparison for the General Fund, thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

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In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the District's financial statements. The Federal Awards Receipts and Expenditure Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is also not a required part of the financial statements. We subjected this schedule to the auditing procedures applied in our audit of the District's financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Mary Taylor, CPA
Auditor of State

February 3, 2009

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
UNAUDITED**

The discussion and analysis of Ottawa-Glandorf Local School District's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets of governmental activities increased \$520,490 which represents a 5.7% increase from 2007.
- In total, net assets of business type activities decreased \$24,728 which represents a 7.2% decrease from 2007.
- Governmental general receipts accounted for \$11,872,483 in receipts or 80.1% of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$2,945,838 or 19.9% of total receipts of \$14,818,321.
- Business Type general receipts accounted for \$11,438 in receipts or 23.1% of all receipts. Program specific receipts in the form of charges for services and sales accounted for \$37,989 or 76.9% of total receipts of \$49,427.
- The District had \$14,297,831 in disbursements related to governmental activities; only \$2,945,838 of these disbursements was offset by program specific charges for services, grants or contributions. General receipts supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,872,483 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, permanent improvement fund and building fund. The general fund had \$11,642,497 in receipts and other financing sources and \$11,443,108 in disbursements and other financing uses. During fiscal 2008, the general fund's fund balance, increased \$199,389 from \$4,013,070 to \$4,212,459.
- The permanent improvement fund had \$227,316 in receipts and \$145,258 in disbursements. During fiscal 2008, the permanent improvement fund's fund balance increased \$82,058 from \$1,780,341 to \$1,862,399.
- The building fund had \$106,184 in receipts and no disbursements. During fiscal 2008, the building fund's fund balance increased \$106,184 from \$2,268,571 to \$2,374,755.
- The District's business type preschool fund had \$49,427 in receipts and \$74,155 in disbursements. During the fiscal year, the preschool fund's fund balance decreased \$24,728 from \$344,882 to \$320,154.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Using the Basic Financial Statements

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

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

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

Basis of Accounting

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

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

Reporting the District's Most Significant Funds

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

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

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

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

The District as a Whole

The following table provides a summary of the District's net assets for fiscal year 2008 compared to fiscal year 2007 on a cash basis.

Net Assets						
	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Totals</i>	
	2008	2007	2008	2007	2008	2007
<i>Assets</i>						
Cash & Cash Equivalents	\$8,311,113	\$7,642,453	\$320,154	\$344,882	\$8,631,267	\$7,987,335
Investments	1,399,209	1,547,379			1,399,209	1,547,379
<i>Total Assets</i>	<u>9,710,322</u>	<u>9,189,832</u>	<u>320,154</u>	<u>344,882</u>	<u>10,030,476</u>	<u>9,534,714</u>
<i>Net Assets</i>						
Restricted for:						
Capital Projects	4,237,154	4,048,912			4,237,154	4,048,912
Debt Service	562,414	511,107			562,414	511,107
Set Asides	32,039	32,039			32,039	32,039
Other Purposes	701,767	632,566			701,767	632,566
Unrestricted	<u>4,176,948</u>	<u>3,965,208</u>	<u>320,154</u>	<u>344,882</u>	<u>4,497,102</u>	<u>4,310,090</u>
<i>Total Net Assets</i>	<u>\$9,710,322</u>	<u>\$9,189,832</u>	<u>\$320,154</u>	<u>\$344,882</u>	<u>\$10,030,476</u>	<u>\$9,534,714</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At year-end, net assets were \$9,710,322 for governmental activities and \$320,154 for business type activities.

A portion of the District's net assets, \$5,533,374, represents resources that are subject to external restriction on how they may be used. The unrestricted net assets of \$4,497,102 from governmental and business-type activities may be used to meet the District's ongoing obligations to the students and creditors.

The following table reflects the changes in net assets on a cash basis in 2008 and 2007 for governmental activities, business-type activities and total primary government.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Change in Net Assets

	2008		2007	
	Governmental Activities	Business-Type Activities	Governmental Activities	Business-Type Activities
<i>Receipts:</i>				
<i>Program Receipts:</i>				
Charges For Services and Sales	\$1,618,574	\$37,989	\$1,189,321	\$37,817
Operating Grants and Contributions	1,317,098		1,359,722	
Capital Grants and Contributions	10,166		26,811	
Total Program Receipts:	2,945,838	37,989	2,575,854	37,817
<i>General Cash Receipts and Transfers</i>				
Property Taxes	4,559,930		4,685,368	
Income Taxes	1,027,369		886,153	
Grants and Entitlements	5,868,779		5,899,907	
Sale of Bonds			9,289,995	
Permiums and Accrued Interest on Debt Issue			863,129	
Sale of Capital Assets			582	
Interest	206,699	11,438	393,773	14,100
Miscellaneous	209,706		218,566	
Total General Receipts and Transfers	11,872,483	11,438	22,237,473	14,100
Total Receipts and Transfers	14,818,321	49,427	24,813,327	51,917
<i>Disbursements:</i>				
<i>Instruction:</i>				
Regular	6,330,713		6,384,814	
Special	1,252,022		1,259,440	
Vocational	88,186		83,866	
Other	123,679		108,551	
<i>Support Services:</i>				
Pupil	480,848		469,421	
Instructional Staff	418,060		380,945	
Board of Education	45,053		69,298	
Administration	931,698		890,330	
Fiscal	343,821		295,406	
Business	1,492		1,035	
Operation and Maintenance of Plant	1,056,057		962,381	
Pupil Transportation	793,851		835,532	
Central	612			
Operation of Non-Instructional Services	284,065		361,217	
Operation of Food Services	561,853		499,854	
Extracurricular Activities	580,263		574,000	
Building Acquisition and Construction	2,456		130,270	
<i>Debt Service:</i>				
Principal Retirement	520,016		452,000	
Interest and Fiscal Charges	483,086		553,011	
Bond Issuance Cost			160,492	
Payment to Escrow			9,987,716	
Preschool		74,155		53,102
Total Disbursements	14,297,831	74,155	24,459,579	53,102
Change In Net Assets	520,490	(24,728)	353,748	(1,185)
Net Assets at Beginning of Year	9,189,832	344,882	8,836,084	346,067
Net Assets at End of Year	\$9,710,322	\$320,154	\$9,189,832	\$344,882

Net assets of the District's governmental activities increased \$520,490. Total governmental disbursements of \$14,297,831 were offset by program receipts of \$2,945,838 and general receipts of \$11,872,483. Program receipts supported 20.60% of the total governmental disbursements.

General receipts represent 80.12% of the District's total governmental receipts, and of this amount, 49.43% is made up of unrestricted grants and entitlements and 47.06% are local taxes. Other receipts are insignificant and somewhat unpredictable revenue sources.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The major program disbursements for governmental activities are for regular instruction, which accounts for 44.28% of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 11.84% of governmental disbursements. Administrative and fiscal services accounted for 8.92%. Maintenance of the District facilities is 7.39%.

Net assets of the District's business type activities decreased \$24,728. Total business type disbursements of \$74,155 were offset by program receipts of \$37,989 and general receipts of \$11,438. Program receipts supported 51.23 % of the total business type disbursements.

Governmental and Business Type Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

	2008				2007			
	Governmental Activities		Business-Type Activities		Governmental Activities		Business-Type Activities	
	Total Cost of Service	Net Cost of Service						
<i>Disbursements:</i>								
<i>Instruction:</i>								
Regular	\$6,330,713	\$5,724,748	\$74,155	\$36,166	\$6,384,814	\$5,824,766	\$53,102	\$15,285
Special	1,252,022	751,994			1,259,440	715,627		
Vocational	88,186	59,474			83,866	55,392		
Other	123,679	123,679			108,551	108,551		
<i>Support Services:</i>								
Pupil	480,848	416,091			469,421	398,451		
Instructional Staff	418,060	381,611			380,945	339,529		
Board of Education	45,053	44,967			69,298	69,298		
Administration	931,698	791,370			890,330	754,022		
Fiscal	343,821	343,821			295,406	295,406		
Business	1,492	1,492			1,035	1,035		
Operation and Maintenance of Plant	1,056,057	1,034,405			962,381	962,381		
Pupil Transportation	793,851	751,488			835,532	798,559		
Central	612	612						
Operation of Non-Instructional Service	284,065	58,034			361,217	133,199		
Operation of Food Services	561,853	(70,034)			499,854	(26,814)		
Extracurricular Activities	580,263	143,714			574,000	170,834		
Building Acquisition and Construction	2,456	(180,141)			130,270	130,270		
Debt Service	1,003,102	974,668			1,005,011	1,005,011		
Issuance Cost					160,492	160,492		
Payment to Escrow					9,987,716	9,987,716		
<i>Total Disbursements</i>	<u>\$14,297,831</u>	<u>\$11,351,993</u>	<u>\$74,155</u>	<u>\$36,166</u>	<u>\$24,459,579</u>	<u>\$21,883,725</u>	<u>\$53,102</u>	<u>\$15,285</u>

The dependence upon tax and other general receipts for governmental activities is apparent, 85.44% of instruction activities are supported through taxes and other general receipts. For all governmental activities, general receipts support is 79.40%. The District's taxpayers, as a whole, are by far the primary support for District's students.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The District's Funds

Total governmental funds had receipts and other financing sources of \$14,910,122 and disbursements and other financing uses of \$14,389,632. The greatest change within governmental funds occurred within the general fund. Receipts were in excess of disbursements in the general fund by \$199,389. Fiscal year 2008 general fund deficit spending was avoided partially due to the increase in income taxes, intergovernmental, and interest revenue. The District will continue to look for ways to reduce expenditures without hurting the educational process.

General Fund Budgeting Highlights

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

During 2008, the District did not amend its general fund budget. For the general fund, original and final budgeted receipts and other financing sources were \$11,629,248. Actual receipts and other financing sources for 2008 were \$11,642,497.

General fund original and final budgeted appropriations (appropriated disbursements plus other financing uses) totaled \$11,918,062. The actual budget basis disbursements and other financing uses for 2008 totaled \$11,742,278.

Capital Assets and Debt Administration

Capital Assets

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

Debt Administration

At June 30, 2008, the District had \$11,869,995 in general obligation bonds outstanding. Of this total \$515,000 is due within one year and \$11,354,995 is due within greater than one year. See Note 11 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

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

Tangible personal property tax is being phased out beginning January 1, 2006. The tax is being phased out in equal installments of 25% a year from 2006 to 2009. Tangible personal property tax is collected concurrent with the calendar year. The last year that the District will collect the tax will be 2010. The District will receive reimbursements from the state for the first five years of the phase out. After that the reimbursements will be phased out.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The District's income tax collections have been strong. Collections for 2008 were \$1,027,369. This represents a 15.94% increase over 2007. 2008 collections were the highest since the tax's inception in 1993.

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

Contacting the District's Financial Management

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

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

**Statement of Net Assets - Cash Basis
June 30, 2008**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash & Cash Equivalents	\$8,311,113	\$320,154	\$8,631,267
Investments	1,399,209		1,399,209
<i>Total Assets</i>	<u>\$9,710,322</u>	<u>\$320,154</u>	<u>\$10,030,476</u>
Net Assets			
Restricted for:			
Capital Projects	4,237,154		4,237,154
Debt Service	562,414		562,414
Set Asides	32,039		32,039
Other Purposes	701,767		701,767
Unrestricted	4,176,948	320,154	4,497,102
<i>Total Net Assets</i>	<u>\$9,710,322</u>	<u>\$320,154</u>	<u>\$10,030,476</u>

See accompanying notes to the basic financial statements

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

**Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2008**

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$6,330,713	\$457,934	\$148,031	
Special	1,252,022		500,028	
Vocational	88,186		28,712	
Other	123,679			
Support Services:				
Pupil	480,848		64,757	
Instructional Staff	418,060		36,449	
Board of Education	45,053		86	
Administration	931,698		140,328	
Fiscal	343,821			
Business	1,492			
Operation and Maintenance of Plant	1,056,057		21,652	
Pupil Transportation	793,851	17,478	14,719	\$10,166
Central	612			
Operation of Non-Instructional Services	284,065	1,933	224,098	
Operation of Food Services	561,853	493,649	138,238	
Extracurricular Activities	580,263	436,549		
Building Acquisition and Construction	2,456	182,597		
Debt Service:				
Principal Retirement	520,015	28,434		
Interest and Fiscal Charges	483,087			
<i>Total Governmental Activities</i>	14,297,831	1,618,574	1,317,098	10,166
Business Type Activity				
Preschool	74,155	37,989		
Total	\$14,371,986	\$1,656,563	\$1,317,098	\$10,166

General Receipts

Property Taxes Levied for:

General Purposes

Debt Service

Capital Outlay

Income Taxes

Grants and Entitlements not Restricted to Specific Programs

Interest

Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$5,724,748)		(\$5,724,748)
(751,994)		(751,994)
(59,474)		(59,474)
(123,679)		(123,679)
(416,091)		(416,091)
(381,611)		(381,611)
(44,967)		(44,967)
(791,370)		(791,370)
(343,821)		(343,821)
(1,492)		(1,492)
(1,034,405)		(1,034,405)
(751,488)		(751,488)
(612)		(612)
(58,034)		(58,034)
70,034		70,034
(143,714)		(143,714)
180,141		180,141
(491,581)		(491,581)
(483,087)		(483,087)
(11,351,993)		(11,351,993)
	(\$36,166)	(36,166)
(\$11,351,993)	(\$36,166)	(\$11,388,159)
3,531,736		3,531,736
902,531		902,531
125,663		125,663
1,027,369		1,027,369
5,868,779		5,868,779
206,699	11,438	218,137
209,706		209,706
11,872,483	11,438	11,883,921
520,490	(24,728)	495,762
9,189,832	344,882	9,534,714
\$9,710,322	\$320,154	\$10,030,476

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

**Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2008**

	General	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,176,948	\$1,862,399	\$975,546	\$1,260,709	\$8,275,602
Investments			1,399,209		1,399,209
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	35,511				35,511
<i>Total Assets</i>	<u>\$4,212,459</u>	<u>\$1,862,399</u>	<u>\$2,374,755</u>	<u>\$1,260,709</u>	<u>\$9,710,322</u>
Fund Balances					
Reserved for Encumbrances	\$299,170	\$126,711		\$41,312	\$467,193
Reserved for Bus Purchases	3,472				3,472
Reserved for Bureau of Workers Compensation Refunds	32,039				32,039
Unreserved:					
Designated for Budget Stabilization	197,862				197,862
Designated for Termination Benefits				338,946	338,946
Undesignated, Reported in:					
General Fund	3,679,916				3,679,916
Special Revenue Funds				318,037	318,037
Debt Service Fund				562,414	562,414
Capital Projects Funds		1,735,688	\$2,374,755		4,110,443
<i>Total Fund Balances</i>	<u>\$4,212,459</u>	<u>\$1,862,399</u>	<u>\$2,374,755</u>	<u>\$1,260,709</u>	<u>\$9,710,322</u>

See accompanying notes to the basic financial statements

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

**Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2008**

	General	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
Receipts					
Taxes					
Property Taxes	\$3,531,736	\$125,663		\$902,531	\$4,559,930
Income Taxes	1,027,369				1,027,369
Intergovernmental	6,206,519	25,240		964,284	7,196,043
Interest	206,699	76,413	\$106,184	36,711	426,007
Tuition and Fees	457,934				457,934
Extracurricular Activities				436,549	436,549
Transportation Fees	17,478				17,478
Charges for Services				487,305	487,305
Miscellaneous	187,857			17,618	205,475
<i>Total Receipts</i>	<u>11,635,592</u>	<u>227,316</u>	<u>106,184</u>	<u>2,844,998</u>	<u>14,814,090</u>
Disbursements					
Instruction:					
Regular	6,151,210			179,503	6,330,713
Special	1,105,460			146,562	1,252,022
Vocational	88,186				88,186
Other Instruction	109,191			14,488	123,679
Support Services:					
Pupil	409,753			71,095	480,848
Instructional Staff	380,135			37,925	418,060
Board of Education	45,023			30	45,053
Administration	783,323			148,375	931,698
Fiscal	311,840	4,051		27,930	343,821
Business	1,492				1,492
Operation and Maintenance of Plant	961,402	64,529		30,126	1,056,057
Pupil Transportation	714,310	74,222		5,319	793,851
Central	612				612
Operation of Non-Instructional Services	9,536			274,529	284,065
Operation of Food Services				561,853	561,853
Extracurricular Activities	282,508			297,755	580,263
Facilities acquisition and improvement		2,456			2,456
Debt Service:					
Principal Retirement				520,015	520,015
Interest and Fiscal Charges				483,087	483,087
<i>Total Disbursements</i>	<u>11,353,981</u>	<u>145,258</u>	<u>106,184</u>	<u>2,798,592</u>	<u>14,297,831</u>
<i>Excess of Receipts Over Disbursements</i>	<u>281,611</u>	<u>82,058</u>	<u>106,184</u>	<u>46,406</u>	<u>516,259</u>
Other Financing Sources (Uses)					
Transfers In	6,905			75,000	81,905
Transfers Out	(75,000)			(2,674)	(77,674)
Advances In				14,127	14,127
Advances Out	(14,127)				(14,127)
<i>Total Other Financing Sources (Uses)</i>	<u>(82,222)</u>			<u>86,453</u>	<u>4,231</u>
<i>Net Change in Fund Balances</i>	199,389	82,058	106,184	132,859	520,490
<i>Fund Balances Beginning of Year</i>	<u>4,013,070</u>	<u>1,780,341</u>	<u>2,268,571</u>	<u>1,127,850</u>	<u>9,189,832</u>
<i>Fund Balances End of Year</i>	<u>\$4,212,459</u>	<u>\$1,862,399</u>	<u>\$2,374,755</u>	<u>\$1,260,709</u>	<u>\$9,710,322</u>

See accompanying notes to the basic financial statements

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

**Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2008**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$3,530,590	\$3,530,590	\$3,531,736	\$1,146
Income Taxes	1,027,370	1,027,370	1,027,369	(1)
Intergovernmental	6,214,140	6,214,140	6,206,519	(7,621)
Interest	211,900	211,900	206,699	(5,201)
Tuition and Fees	454,233	454,233	457,934	3,701
Transportation Fees	19,550	19,550	17,478	(2,072)
Miscellaneous	166,465	166,465	187,857	21,392
<i>Total Receipts</i>	<u>11,624,248</u>	<u>11,624,248</u>	<u>11,635,592</u>	<u>11,344</u>
Disbursements				
Instruction:				
Regular	6,357,305	6,357,305	6,230,476	126,829
Special	1,086,313	1,086,313	1,105,980	(19,667)
Vocational	91,835	91,835	88,793	3,042
Other	105,725	105,725	109,191	(3,466)
Support Services:				
Pupil	413,581	413,581	410,169	3,412
Instructional Staff	393,121	393,121	381,865	11,256
Board of Education	29,425	29,425	48,023	(18,598)
Administration	826,478	826,478	815,742	10,736
Fiscal	322,669	322,669	315,586	7,083
Business	1,000	1,000	1,492	(492)
Operation and Maintenance of Plant	1,126,631	1,126,631	1,085,965	40,666
Pupil Transportation	787,581	787,581	764,780	22,801
Central	2,000	2,000	2,359	(359)
Operation of Non-Instructional Services	10,045	10,045	9,536	509
Extracurricular Activities	289,353	289,353	283,194	6,159
<i>Total Disbursements</i>	<u>11,843,062</u>	<u>11,843,062</u>	<u>11,653,151</u>	<u>189,911</u>
<i>Excess of Disbursements Over Receipts</i>	<u>(218,814)</u>	<u>(218,814)</u>	<u>(17,559)</u>	<u>201,255</u>
Other Financing Sources (Uses)				
Advances In	5,000	5,000		(5,000)
Advances Out	(75,000)	(75,000)	(14,127)	60,873
Transfers In			6,905	6,905
Transfers Out			(75,000)	(75,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(70,000)</u>	<u>(70,000)</u>	<u>(82,222)</u>	<u>(12,222)</u>
<i>Net Change in Fund Balance</i>	(288,814)	(288,814)	(99,781)	189,033
<i>Fund Balance Beginning of Year</i>	3,764,718	3,764,718	3,764,718	
Prior Year Encumbrances Appropriated	248,352	248,352	248,352	
<i>Fund Balance End of Year</i>	<u>\$3,724,256</u>	<u>\$3,724,256</u>	<u>\$3,913,289</u>	<u>\$189,033</u>

See accompanying notes to the basic financial statements

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

**Statement of Fund Net Assets - Cash Basis
Preschool Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Preschool Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$320,154</u></u>
Net Assets	
Unrestricted	<u><u>\$320,154</u></u>

See accompanying notes to the basic financial statements

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

**Statement of Cash Receipts, Disbursements and Changes in
Fund Net Assets - Cash Basis
Preschool Fund
For the Fiscal Year Ended June 30, 2008**

	<u>Preschool Fund</u>
Operating Receipts	
Interest	\$11,438
Charges for Services	<u>37,989</u>
<i>Total Operating Revenues</i>	<u>49,427</u>
Operating Disbursements	
Personal Services	63,523
Materials and Supplies	<u>10,632</u>
<i>Total Operating Disbursements</i>	<u>74,155</u>
<i>Change in Net Assets</i>	(24,728)
<i>Net Assets Beginning of Year</i>	<u>344,882</u>
<i>Net Assets End of Year</i>	<u><u>\$320,154</u></u>

See accompanying notes to the basic financial statements

OTTAWA-GLANDORF LOCAL SCHOOL DISTRICT
PUTNAM COUNTY

Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
For the Fiscal Year Ended June 30, 2008

	<u>Agency</u>
Assets	
Equity in pooled cash and cash equivalents	<u><u>\$31,147</u></u>
Net Assets	
Held in trust for students	<u><u>\$31,147</u></u>

See accompanying notes to the basic financial statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 1 – REPORTING ENTITY

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

The District was established in 1962 through the consolidation of existing land areas and school districts. The District serves an area of approximately 66 square miles. It is located in Putnam County and includes the entire Village of Ottawa and Glandorf, all of and portions of surrounding townships. The District is the 313 largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 70 classified employees, 99 certified teaching personnel, and 7 administrative employees who provide services to 1,487 students and other community members. The District currently operates 3 buildings.

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

A. Primary Government

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

B. Component Units

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

C. Joint Venture

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

Jointly Governed Organizations:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 1 – REPORTING ENTITY – (CONTINUED)

Public Entity Risk Pools:

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

These organizations are presented in Notes 8 and 13 to the basic financial statements.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

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

The statement of net assets presents the cash balance of the governmental (and business-type) activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental (and business-type) activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

Fund Financial Statements

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

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

B. Fund Accounting

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

Governmental Funds

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

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

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

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

Proprietary Funds

A District fund operates similar to business enterprises, where user charges (i.e. charges for services) provide significant resources for the activity. The District classifies this as an enterprise fund. The following is the District's enterprise fund:

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

Fiduciary Funds

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

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

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

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

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

E. Cash and Investments

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

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

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

During 2008, the District invested in federal agency securities. Investments are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the general fund during fiscal year 2008 was \$206,699 which included \$124,561 assigned from other District funds.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

M. Net Assets

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

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

N. Fund Balance Reserves

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

NOTE 3 – COMPLIANCE

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

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

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

The encumbrances outstanding at year end (budgetary basis) amounted to \$299,170 in the General Fund.

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 5 – DEPOSITS AND INVESTMENTS – (CONTINUED)

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

At year end, the District had \$275 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 5 – DEPOSITS AND INVESTMENTS – (CONTINUED)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,628,917 of the District's bank balance of \$2,912,266 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

Investments

As of June 30, 2008, the District had the following investments:

<u>Investment Type</u>	<u>Balance at Fair Value</u>	<u>6 Months or Less</u>	<u>7 to 12 Months</u>	<u>13 to 18 Months</u>	<u>19 to 24 Months</u>	<u>Over 24 Months</u>
Federal Home Loan Bank	\$1,863,302	\$50,016	\$450,423	\$451,939		\$910,924
Federal National Mortgage Association	2,149,092	200,938	588,540		\$551,722	807,892
Federal Farm Credit Banks	1,098,796					1,098,796
Federal Home Loan Mortgage Corporation	<u>2,212,327</u>		<u>649,324</u>		<u>255,762</u>	<u>1,307,241</u>
Total Investments	<u><u>\$7,323,517</u></u>	<u><u>\$250,954</u></u>	<u><u>\$1,688,287</u></u>	<u><u>\$451,939</u></u>	<u><u>\$807,484</u></u>	<u><u>\$4,124,853</u></u>

The weighted average maturity of investments is 2.29 years.

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits portfolio maturities to five years or less.

Credit Risk: The Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, Federal Farm Credit Bank Notes, and the Federal Home Loan Mortgage Corporation Notes carry a rating of AAA and Aaa by Standards & Poor's and Moody's Investor Services, respectively. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 5 – DEPOSITS AND INVESTMENTS – (CONTINUED)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

	Fair Value	Percent of Balance
Federal Home Loan Bank	\$1,863,302	25.44%
Federal National Mortgage Association	2,149,092	29.35%
Federal Farm Credit Bank	1,098,796	15.00%
Federal Home Loan Mortgage Corporation	2,212,327	30.21%
Total Investments	\$7,323,517	100.00%

NOTE 6 – PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real property tax receipts received in calendar year 2008 represent the collection of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in calendar year 2008 represent the collection of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien on December 31, 2006, were levied after April 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2008 (other than public utility property) represent the collection of calendar year 2008 taxes. Tangible personal property taxes for 2008 were levied after April 1, 2007, on the value as of December 31, 2007. The tangible personal property tax is being phased out. The assessment percentage for all property, including inventory, for 2008 is 6.25 percent. This amount will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 6 – PROPERTY TAXES – (CONTINUED)

The District receives property taxes from Putnam County. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Agricultural/Residential	\$161,776,390	93.14%	\$164,836,650	95.04%
Public Utility Property	5,907,360	3.40	5,182,220	2.99
Tangible Personal Property	6,016,400	3.46	3,414,900	1.97
Total Assessed Value	\$173,700,150	100.00%	\$173,433,770	100.00%
Tax rate per \$1,000 of assessed valuation	\$30.08		\$29.78	

NOTE 7 – INCOME TAXES

The District levies a voted tax of one-half percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1993, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the general fund.

NOTE 8 – RISK MANAGEMENT

A. Schools of Ohio Risk Sharing Authority

The District is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disaster. During fiscal year 2008, the District contracted for the following insurance coverage.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 8 – RISK MANAGEMENT – (CONTINUED)

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

	<u>Coverage</u>
Property including inland marine – replacement cost (\$500 deductible)	\$39,023,335
Employee Dishonesty Liability	50,000
Automobile Liability	11,000,000
Uninsured Motorists	1,000,000
Medical Payments - per occurrence	5,000
Educator's Legal Liability – errors or omissions	11,000,000
General District Liability	
Per occurrence	11,000,000
Total per year	11,000,000
Umbrella Liability	13,000,000

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

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

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

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

C. Putnam County Schools Insurance Group

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 8 – RISK MANAGEMENT – (CONTINUED)

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

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 10. As such, no funding provisions are required by the District.

NOTE 9 – DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$127,139, \$135,459 and \$130,177 respectively; 44.98 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 9 – DEFINED BENEFIT PENSION PLANS – (CONTINUED)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006, were \$735,968, \$718,807, and \$699,970 respectively; 83.05 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 10 – POST-EMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$20,522.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$78,540, \$65,993, and \$65,488 respectively; 59.35 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006, were \$9,161, \$9,211, and \$10,361 respectively; 44.98 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

Plan Description – The District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 10 – POST-EMPLOYMENT BENEFITS – (CONTINUED)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$56,613, \$55,293, and \$53,844 respectively; 83.05 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 11 – DEBT

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

	Principal Outstanding 6/30/07	Reductions	Principal Outstanding 6/30/08	Amounts Due in One Year
<u>General Obligation Bonds:</u>				
General obligation bonds – 1986	\$200,000	\$50,000	\$150,000	\$50,000
General obligation bonds – 2003	2,880,000	430,000	2,450,000	465,000
Capital appreciation bonds – 2003	20,000		20,000	
General obligation bonds – 2007	8,930,000	40,000	8,890,000	
Capital appreciation bonds – 2007	359,995		359,995	
Total General Obligation Bonds	<u>12,389,995</u>	<u>520,000</u>	<u>11,869,995</u>	<u>515,000</u>
<u>Loans Payable:</u>				
Asbestos removal loan	15	15		
Total governmental activities	<u>\$12,390,010</u>	<u>\$520,015</u>	<u>\$11,869,995</u>	<u>\$515,000</u>

2007 Advance Refunding of 2003 Bonds – Interest Rates 3.55 – 4.375%: Proceeds from the outstanding bonds were used for the purpose of advance refunding of general obligation bonds, dated September 15, 2002, which were issued for the purpose of renovating and otherwise improving school facilities. The bonds were issued on November 28, 2006. The bonds consisted of \$6,890,000 in current interest serial bonds and \$2,040,000 in term bonds and \$359,995, in capital appreciation bonds. This current refunding was undertaken to reduce total debt service payments over the next 24 years by \$652,293 and resulted in an economic gain of \$422,390.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 11 – DEBT – (CONTINUED)

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2011	305,000	4.000%
2012	230,000	4.000%
2013	130,000	3.875%
2014	135,000	3.875%
2015	130,000	4.000%
2016	85,000	4.000%
2019	495,000	4.000%
2020	520,000	4.000%
2021	550,000	4.125%
2022	585,000	4.125%
2023	615,000	4.000%
2024	650,000	4.125%
2027	765,000	4.000%
2028	805,000	4.000%
2029	850,000	4.000%

The term bond which matures on December 1, 2025, has an interest rate of 4.125 percent per year, and is subject to mandatory sinking fund redemption at a redemption price of 100.529 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, in the year in the respective principal amounts as follows:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2026	\$755,000

The term bond which matures on December 1, 2030, has an interest rate of 4.375 percent per year, and is subject to mandatory sinking fund redemption at a redemption price of 102.403 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, in the year in the respective principal amounts as follows:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2031	\$1,285,000

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 11 – DEBT – (CONTINUED)

The capital appreciation bonds were issued in the aggregate original principal amount of \$359,995 and mature on December 1, in the years, have the original principal amounts and mature with the accreted values at maturity, as follows:

Fiscal Year	Original Principal Amount	Accreted Value at Maturity
2010	\$204,654	\$180,000
2017	83,590	180,000
2018	71,751	180,000

At June 30, 2008, the total amount of these bonds including accretion was \$393,207. The bonds are being retired through the Bond Retirement Debt Service Fund.

Series 2003 School Improvement General Obligation Bonds – Interest Rates 1.55 – 5.375%: During fiscal year 2003, the voters of the District authorized the issuance of \$13,485,000 in general obligation bonds, for the purpose of renovating and otherwise improving school facilities. During 2007, \$9,289,995 of the current interest bonds were advance refunded. The remaining bonds will be retired from proceeds of a bonded debt tax levy and will be paid from the Bond Retirement Fund.

The Series 2003 school improvement general obligation bond issue included both current interest bonds, par value \$13,465,000, and capital appreciation bonds, par value \$1,005,000. The capital appreciation bonds mature on December 1, 2013-2015, at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. At June 30, 2007, the total amount of these bonds including accretion was \$719,849. The current interest bonds maturing on or after December 1, 2012, are subject to early redemption at the sole option of the District, at the following redemption prices, plus accrued interest:

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

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

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

Asbestos Removal Loan: This loan was a general obligation of the District, for which the District's full faith and credit were pledged for repayment. Payments of principal relating to this obligation were recorded as disbursements in the debt service fund. The asbestos removal loan was interest-free, and was fully repaid in 2008.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 11 – DEBT – (CONTINUED)

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2008 are as follows:

<u>Year Ended</u>	<u>General Obligation Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$515,000	\$465,512	\$980,512			
2010	175,000	452,461	627,461			
2011	505,000	437,855	942,855	\$204,654	\$140,346	\$345,000
2012	455,000	418,455	873,455			
2013	415,000	367,844	782,844			
2013-2017	350,000	1,918,884	2,268,884	103,590	1,376,410	1,480,000
2018-2022	2,765,000	1,632,853	4,397,853	71,751	413,249	485,000
2023-2027	3,630,000	969,228	4,599,228			
2028-2031	2,680,000	183,328	2,863,328			
Total	<u>\$11,490,000</u>	<u>\$6,846,601</u>	<u>\$18,336,401</u>	<u>\$379,995</u>	<u>\$1,930,005</u>	<u>\$2,310,000</u>

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$4,301,458 (including available funds of \$562,414) and an unvoted debt margin of \$173,434.

NOTE 12 – SET ASIDE REQUIREMENTS

The District is required by State statute to annually set aside, in the general fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. In addition, to the amounts required to be set aside for budget stabilization the District voluntarily has set aside an additional \$197,862 designated for budget stabilization.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 12 – SET ASIDE REQUIREMENTS – (CONTINUED)

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during 2008.

	Textbooks/ Instructional Materials	Capital Maintenance	Designated for Budget Stabilization	Reserved for Bureau of Workers Compensation Refund
Balance at June 30, 2007	(\$193,178)		\$197,862	\$32,039
Current Year Set Aside Requirement	238,880	\$238,880		
Qualifying Cash Disbursements	(207,542)	(136,467)		
Offsets		(102,413)		
Balance at June 30, 2008	<u>(\$161,840)</u>		<u>\$197,862</u>	<u>\$32,039</u>

The District had qualifying expenditures during the fiscal year that reduced the textbook set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years. The District also had current year offsets during the fiscal year that reduced the capital improvements set aside amount to below zero. However, this amount can not be carried forward to reduce future set aside requirements, and therefore is not reflected in this schedule.

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

A schedule of the governmental fund restricted assets at June 30, 2008 follows:

Amount restricted for Bureau of Workers Compensation refunds	\$32,039
Amount restricted for school bus purchases	<u>3,472</u>
Total restricted assets	<u>\$35,511</u>

NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS – (CONTINUED)

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

B. Millstream Cooperative Career Center

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

C. West Central Regional Professional Development Center

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

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

D. Northwestern Ohio Educational Research Council, Inc.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 14 – CONTINGENCIES

The District receives financial assistance from Federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through June 30, 2008, will not have a material adverse effect on the District.

NOTE 15 – CONTRACTUAL COMMITMENTS

At June 30, 2008, the District had a \$113,795 outstanding contractual commitment for a bleacher expansion project.

NOTE 16 – SUBSEQUENT EVENTS

The District has been approved for an Ohio School Facilities Commission grant which will be used to build two new elementary/middle schools, along with an allowance to demolish the existing Glandorf and Ottawa elementary schools. The approved budget for this project is \$40,261,780. The State's share is \$19,728,272, and the District's share is \$20,533,508 (less a credit of \$11,344,462 for a portion of the project already completed under the Expedited Local partnership Program). The District is planning to issue tax anticipation notes in the amount of \$6,000,000 to fund part of the District's portion of the project. The remaining balance is currently available within District funds. The residents of the District have approved a 2.17 mill 28 year levy to pay off those notes for the project, along with a .5 mill levy for maintenance of the new buildings. Collection of these tax monies began in 2009.

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
Food Donation	10.550		\$83,409		\$83,409
Nutrition Cluster:					
National School Lunch Program	10.555	\$120,487		\$120,487	
School Breakfast Program	10.553	14,188		14,188	
Total Nutrition Cluster		<u>134,675</u>		<u>134,675</u>	
Total Department of Agriculture		<u>134,675</u>	<u>83,409</u>	<u>134,675</u>	<u>83,409</u>
UNITED STATES DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Special Education Cluster:					
Special Education - Grants to States	84.027	290,958		316,480	
Special Education - Preschool Grants	84.173	11,958		11,958	
Total Special Education Cluster		<u>302,916</u>		<u>328,438</u>	
Safe and Drug Free Schools and Communities - State Grants	84.186	3,394		3,394	
State Grants for Innovative Programs	84.298	4,074		3,820	
Improving Teacher Quality - State Grants	84.367	36,304		39,607	
Total Department of Education		<u>346,688</u>		<u>375,259</u>	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES					
<i>Passed through the Putnam County Department of Jobs and Family Services</i>					
Temporary Assistance for Needy Families	93.558	18,791		17,885	
UNITED STATES DEPARTMENT OF FEDERAL EMERGENCY MANAGEMENT					
<i>Passed Through Ohio Department of Public Safety</i>					
Public Assistance Program	97.036	20,581		30,583	
Total		<u>\$520,735</u>	<u>\$83,409</u>	<u>\$558,402</u>	<u>\$83,409</u>

The accompanying notes are an integral part of this schedule

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D – 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 E – SIGNIFICANT ACCOUNTING POLICIES

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

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE F – TRANSFERS

During fiscal year 2008, the Ohio Department of Education (ODE) authorized the following transfers:

CFDA Number	Program Title	Pass-Through Entity Number (or Grant Year)	Transfers Out	Transfers In
84.367	Improving Teacher Quality State Grant	2007	\$5,181	
84.367	Improving Teacher Quality State Grant	2008		\$5,181
84.367	Improving Teacher Quality State Grant	2008	5,784	
84.367	Improving Teacher Quality State Grant	2009		5,784
84.173	Special Education - Grants to States	2008	38,443	
84.173	Special Education - Grants to States	2009		38,443
			<u>\$49,408</u>	<u>\$49,408</u>



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ottawa-Glandorf Local School District, Putnam County, (the District) as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 3, 2009, wherein we noted the District prepared its statements on the cash basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-003.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above is also a material weakness.

We also noted certain internal controls matters that we reported to the District's management in a separate letter dated February 3, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 and 2008-002.

We also noted certain noncompliance matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 3, 2009.

The District's response to the findings we identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, federal awarding agencies, and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 3, 2009



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Ottawa-Glandorf Local School District, Putnam County, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, Ottawa-Glandorf Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Mary Taylor, CPA
Auditor of State

February 3, 2009

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

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)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control 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 significant deficiencies in internal control 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):	Special Education Cluster: Special Education – Grants to States CFDA #84.027 Special Education – Preschool Grants CFDA #84.173 Nutrition Cluster: National School Lunch Program CFDA #10.555 School Breakfast Program CFDA #10.553
(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 2008-001

Finding for Recovery

The former Treasurer of the District, Robert Weber, was overpaid due to an error in the calculation of his daily pay for the period January 10, 2007, to June 14, 2007, and June 15, 2007, to August 31, 2007, the date of his resignation. The overpayment is detailed below:

Period	Daily Pay Rate per Contract	Days per Period	Calculated Amount of Pay
January 10, 2007 to June 14, 2007	\$211.54	111	\$23,480.94
June 15, 2007 to August 31, 2007	\$223.08	56	<u>\$12,492.48</u>
	Total Amount to be Paid		\$35,973.42
		Amount Paid	<u>\$36,918.88</u>
		Total Overpaid	<u><u>\$945.46</u></u>

In accordance with the foregoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Robert Weber, former Treasurer, in the amount of \$945.46, and in favor of the General Fund of the Ottawa-Glandorf Local School District.

On January 23, 2009, Robert Weber remitted payment of \$750.30 on receipt number 22392 to the credit of the General Fund for partial payment of the finding for recovery. Mr. Weber's payment represents the net portion of the gross payment. The remainder will be requested from federal, state, and local income tax collecting agencies.

Officials' Response

An unintentional error was made on Mr. Weber's final payment. This clerical error was made when a number was inadvertently overwritten.

FINDING NUMBER 2008-002

Noncompliance Citation

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

**FINDING NUMBER 2008-002
(Continued)**

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

We recommend the District prepare its financial statements in accordance with generally accepted accounting principles.

Officials' Response

Officials for the District believe that since the District operates on a cash basis throughout the year, the cash basis statements included in this report provide the reader with an accurate depiction of the District's financial activity for the audit period and fairly represent the District's cash basis financial position as of June 30, 2008. Because this method is also more cost effective, the District will continue to prepare these statements.

FINDING NUMBER 2008-003

Material Weakness

Monitoring Financial Statements

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The fiscal year 2008 financial statements contained material errors, such as the following:

- Investments of \$1,399,209 attributable to the Building Fund were commingled with the Equity in Pooled Cash and Cash Equivalents.
- Restricted Assets of \$35,511 were commingled with the Equity in Pooled Cash and Cash Equivalents of the General Fund.
- Interest payments in the amount of \$40,000 were shown as principal payments in Other Governmental Funds.

Seven adjusting entries ranging in amounts from \$1,345 to \$1,399,209 were posted to the financial statements to correct these and other errors.

To ensure the District's financial statements and notes to the statements are complete and accurate, we recommend the Fiscal Officer post all transactions in accordance with the guidance established by the Uniform School Accounting System issued by the Auditor of State. Furthermore, the Board should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Board, to identify and correct errors and omissions.

Officials' Response

Efforts will be made to improve statements for subsequent audits.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2007-001	OAC §117-2-3(B) reporting on basis other than generally accepted accounting principles	No	Finding has not been corrected and is repeated in this report as item 2008-002.
2007-002	Financial Reporting recommendation for amounts on report not properly classified.	No	Finding has not been corrected and is repeated in this report as item 2008-003.



Mary Taylor, CPA
Auditor of State

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
FEBRUARY 24, 2009