



**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Pettisville Local School District  
Fulton County  
232 Summit Street  
P.O. Box 1  
Pettisville, Ohio 43553-0001

To the Board of Education:

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Pettisville Local School District, Fulton County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

**Jim Petro**  
Auditor of State

November 21, 2000

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**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUP  
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>			
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$298,628	\$64,820	\$88,552
Cash and Cash Equivalents:			
With Fiscal Agents		1,743	
Receivables:			
Taxes	1,054,097		47,644
Accounts	15,931	310	
Intergovernmental		4,801	7,003
Interfund Receivable	12,500		
Materials and Supplies Inventory			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	13,361		
Fixed Assets			
Accumulated Depreciation			
<b>Other Debits:</b>			
Provided from General Government Resources			
<b>Total Assets and Other Debits</b>	<b><u>\$1,394,517</u></b>	<b><u>\$71,674</u></b>	<b><u>\$143,199</u></b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>			
<b>Liabilities:</b>			
Accounts Payable	\$1,872	\$5,073	\$21,435
Contracts Payable			
Accrued Wages and Benefits	302,755	6,586	
Compensated Absences Payable	5,728		
Interfund Payable			12,500
Intergovernmental Payable	44,236	560	
Deferred Revenue	966,376		43,866
Due to Students			
Special Waterline Assessment Payable			
Energy Conservation Loan Payable			
Total Liabilities	<u>1,320,967</u>	<u>12,219</u>	<u>77,801</u>
<b>Fund Equity and Other Credits:</b>			
Investment in General Fixed Assets			
Retained Earnings:			
Unreserved			
Fund Balances:			
Reserved:			
Reserved for Encumbrances	5,409	1,842	9,427
Reserved for Endowments			
Reserved for Property Taxes	87,721		3,778
Reserved for Budget Stabilization	13,361		
Unreserved:			
Unreserved, Undesignated	(32,941)	57,613	52,193
Total Fund Equity and Other Credits	<u>73,550</u>	<u>59,455</u>	<u>65,398</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b><u>\$1,394,517</u></b>	<b><u>\$71,674</u></b>	<b><u>\$143,199</u></b>

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



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Asset	General Long-Term Debt	
Enterprise	Trust and Agency			
\$45,249	\$226,336			\$723,585
				1,743
				1,101,741
16				16,257
6,629				18,433
				12,500
2,496				2,496
				13,361
49,376 (34,458)		\$5,793,061		5,842,437 (34,458)
			\$266,784	266,784
<b>\$69,308</b>	<b>\$226,336</b>	<b>\$5,793,061</b>	<b>\$266,784</b>	<b>7,964,879</b>
\$2,240				\$30,620
				0
5,906				315,247
3,457			\$213,312	222,497
				12,500
6,909			17,468	69,173
1,004				1,011,246
	\$57,569			57,569
			16,800	16,800
			19,204	19,204
19,516	57,569		266,784	1,754,856
		\$5,793,061		5,793,061
49,792				49,792
				16,678
	500			500
				91,499
				13,361
	168,267			245,132
49,792	168,767	5,793,061		6,210,023
<b>\$69,308</b>	<b>\$226,336</b>	<b>\$5,793,061</b>	<b>\$266,784</b>	<b>\$7,964,879</b>

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
<b>Revenues:</b>		
Intergovernmental	\$1,756,542	\$83,855
Interest	29,755	
Tuition and Fees	12,124	
Rent	10,592	
Extracurricular Activities		86,944
Gifts and Donations	6,191	7,420
Customer Services	10,764	
Property and Other Local Taxes	1,086,051	
Miscellaneous	4,281	
	<u>2,916,300</u>	<u>178,219</u>
Total Revenues		
<b>Expenditures:</b>		
Current:		
Instruction:		
Regular	1,314,688	5,369
Special	130,495	39,180
Vocational	148,735	
Support Services:		
Pupils	161,209	11,622
Instructional Staff	87,714	18,582
Board of Education	6,249	
Administration	254,107	12,749
Fiscal	122,548	
Business	1,371	
Operation and Maintenance of Plant	301,903	479
Pupil Transportation	175,566	
Central	2,728	
Extracurricular activities	123,149	95,991
Capital Outlay	206,741	
Debt Service:		
Debt Service - Principal	8,412	
Debt Service - Interest	1,807	
	<u>3,047,422</u>	<u>183,972</u>
Total Expenditures		
Excess of Revenues Over (Under) Expenditures	<u>(131,122)</u>	<u>(5,753)</u>
<b>Other Financing Sources and Uses</b>		
Operating Transfers In		12,000
Proceeds from Sale of Fixed Assets	37	
Refund of Prior Year Expenditures	1,867	
Other Financing Sources	2,442	
Operating Transfers Out	(12,000)	
	<u>(7,654)</u>	<u>12,000</u>
Total Other Financing Sources (Uses)		
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(138,776)	6,247
Fund Balance at Beginning of Year	<u>212,326</u>	<u>53,208</u>
<b>Fund Balance at End of Year</b>	<u><b>\$73,550</b></u>	<u><b>\$59,455</b></u>

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

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
	\$36,872		\$1,877,269
	3,638	\$8,316	41,709
			12,124
			10,592
			86,944
			13,611
			10,764
	46,863		1,132,914
			4,281
	<u>87,373</u>	<u>8,316</u>	<u>3,190,208</u>
	2,464		1,322,521
			169,675
			148,735
			172,831
	4,591		110,887
	345		6,594
			266,856
	3,491		126,039
			1,371
	442,091	2,135	746,608
			175,566
			2,728
	31,064		250,204
	9,861	1,610	218,212
	7,256		15,668
\$9	771		2,587
<u>9</u>	<u>501,934</u>	<u>3,745</u>	<u>3,737,082</u>
<u>(9)</u>	<u>(414,561)</u>	<u>4,571</u>	<u>(546,874)</u>
			12,000
			37
			1,867
			2,442
			(12,000)
			4,346
(9)	(414,561)	4,571	(542,528)
<u>9</u>	<u>479,959</u>	<u>162,907</u>	<u>908,409</u>
	<b><u>\$65,398</u></b>	<b><u>\$167,478</u></b>	<b><u>\$365,881</u></b>

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

	<u>General</u>		<b>Variance: Favorable (Unfavorable)</b>
	<u>Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Intergovernmental	\$1,727,609	\$1,757,941	\$30,332
Interest	30,000	29,755	(245)
Tuition and Fees	6,500	9,607	3,107
Rent	1,500	746	(754)
Extracurricular Activities			
Gifts and Donations	3,000	3,758	758
Customer Services	6,500	10,764	4,264
Property and Other Local Taxes	1,055,109	1,050,539	(4,570)
Miscellaneous	1,250	4,278	3,028
Total Revenues	<u>2,831,468</u>	<u>2,867,388</u>	<u>35,920</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	1,406,358	1,298,705	107,653
Special	134,175	125,053	9,122
Vocational	150,270	146,925	3,345
Support Services:			
Pupils	161,760	153,366	8,394
Instructional Staff	100,753	94,308	6,445
Board of Education	8,075	6,244	1,831
Administration	250,792	245,618	5,174
Fiscal	126,635	119,335	7,300
Business	2,100	1,370	730
Operation and Maintenance of Plant	332,824	309,697	23,127
Pupil Transportation	189,417	176,010	13,407
Central	4,250	2,778	1,472
Extracurricular activities	120,985	119,073	1,912
Capital Outlay	246,343	213,614	32,729
Debt Service:			
Debt Service - Principal	7,130	7,126	4
Debt Service - Interest	915	891	24
Total Expenditures	<u>3,242,782</u>	<u>3,020,113</u>	<u>222,669</u>
Excess of Revenues Over (Under) Expenditures	<u>(411,314)</u>	<u>(152,725)</u>	<u>(258,589)</u>
<b>Other Financing Sources and Uses</b>			
Operating Transfers In		12,568	12,568
Proceeds from Sale of Fixed Assets	500	37	(463)
Refund of Prior Year Expenditures		793	793
Advances In			
Other Financing Sources	2,500	2,442	(58)
Operating Transfers Out	(24,570)	(24,568)	2
Advances Out	(12,500)	(12,500)	
Other Financing Uses	(20,980)		20,980
Total Other Financing Sources (Uses)	<u>(55,050)</u>	<u>(21,228)</u>	<u>33,822</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(466,364)</u>	<u>(173,953)</u>	<u>292,411</u>
<b>Fund Balances at Beginning of Year</b>	370,339	370,339	
Prior Year Encumbrances Appropriated	108,696	108,696	
<b>Fund Balance at end of Year</b>	<u><b>\$12,671</b></u>	<u><b>\$305,082</b></u>	<u><b>\$292,411</b></u>

Special Revenue			Debt Service		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$58,863	\$53,123	(\$5,740)			
80,750	86,723	5,973			
9,400	7,420	(1,980)			
<u>149,013</u>	<u>147,266</u>	<u>(1,747)</u>			
18,017	5,369	12,648			
32,573	24,781	7,792			
3,608	2,335	1,273			
11,521	10,031	1,490			
12,475	12,444	31			
107,214	98,813	8,401			
			\$9	\$9	
<u>185,408</u>	<u>153,773</u>	<u>31,635</u>	<u>9</u>	<u>9</u>	
<u>(36,395)</u>	<u>(6,507)</u>	<u>(29,888)</u>	<u>(9)</u>	<u>(9)</u>	
9,000	12,000	3,000			
<u>9,000</u>	<u>12,000</u>	<u>3,000</u>			
(27,395)	5,493	32,888	(9)	(9)	
47,874	47,874		9	9	
4,539	4,539				
<u><b>\$25,018</b></u>	<u><b>\$57,906</b></u>	<u><b>\$32,888</b></u>			

(Continued)

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

	<u>Capital Projects</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Intergovernmental	\$60,853	\$31,872	(\$28,981)
Interest	3,635	3,638	3
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Customer Services			
Property and Other Local Taxes	46,776	45,400	(1,376)
Miscellaneous			
Total Revenues	<u>111,264</u>	<u>80,910</u>	<u>(30,354)</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	5,957	2,464	3,493
Special			
Vocational			
Support Services:			
Pupils	25,000	21,145	3,855
Instructional Staff	4,591	4,591	
Board of Education	500	345	155
Administration			
Fiscal	1,050	965	85
Business			
Operation and Maintenance of Plant	432,452	427,067	5,385
Pupil Transportation			
Central			
Extracurricular activities	32,000	31,064	936
Capital Outlay	33,703	18,009	15,694
Debt Service:			
Debt Service - Principal	7,270	7,256	14
Debt Service - Interest	1,025	771	254
Total Expenditures	<u>543,548</u>	<u>513,677</u>	<u>29,871</u>
Excess of Revenues Over (Under) Expenditures	<u>(432,284)</u>	<u>(432,767)</u>	<u>483</u>
<b>Other Financing Sources and Uses</b>			
Operating Transfers In			
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Advances In	5,500	12,500	7,000
Other Financing Sources			
Operating Transfers Out			
Advances Out			
Other Financing Uses			
Total Other Financing Sources (Uses)	<u>5,500</u>	<u>12,500</u>	<u>7,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(426,784)</u>	<u>(420,267)</u>	<u>6,517</u>
<b>Fund Balances at Beginning of Year</b>	61,553	61,553	
Prior Year Encumbrances Appropriated	<u>416,404</u>	<u>416,404</u>	
<b>Fund Balance at end of Year</b>	<u><u>\$51,173</u></u>	<u><u>\$57,690</u></u>	<u><u>\$6,517</u></u>

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

Expendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$7,500	\$8,316	\$816	\$1,847,325	\$1,842,936	(\$4,389)
			41,135	41,709	574
			6,500	9,607	3,107
			1,500	746	(754)
			80,750	86,723	5,973
			12,400	11,178	(1,222)
			6,500	10,764	4,264
			1,101,885	1,095,939	(5,946)
			1,250	4,278	3,028
<u>7,500</u>	<u>8,316</u>	<u>816</u>	<u>3,099,245</u>	<u>3,103,880</u>	<u>4,635</u>
			1,430,332	1,306,538	123,794
			166,748	149,834	16,914
			150,270	146,925	3,345
			190,368	176,846	13,522
			116,865	108,930	7,935
			8,575	6,589	1,986
			263,267	258,062	5,205
			127,685	120,300	7,385
			2,100	1,370	730
3,000	2,135	865	768,276	738,899	29,377
			189,417	176,010	13,407
			4,250	2,778	1,472
10,000	1,610	8,390	260,199	248,950	11,249
			290,046	233,233	56,813
			14,400	14,382	18
			1,949	1,671	278
<u>13,000</u>	<u>3,745</u>	<u>9,255</u>	<u>3,984,747</u>	<u>3,691,317</u>	<u>293,430</u>
<u>(5,500)</u>	<u>4,571</u>	<u>(10,071)</u>	<u>(885,502)</u>	<u>(587,437)</u>	<u>(298,065)</u>
			9,000	24,568	15,568
			500	37	(463)
				793	793
			5,500	12,500	7,000
			2,500	2,442	(58)
			(24,570)	(24,568)	2
			(12,500)	(12,500)	
			(20,980)		20,980
			<u>(40,550)</u>	<u>3,272</u>	<u>43,822</u>
(5,500)	4,571	10,071	(926,052)	(584,165)	341,887
162,907	162,907		642,682	642,682	
			529,639	529,639	
<u>\$157,407</u>	<u>\$167,478</u>	<u>\$10,071</u>	<u>\$246,269</u>	<u>\$588,156</u>	<u>\$341,887</u>

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE  
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Revenues:</b>			
Sales	\$132,235		\$132,235
Interest		\$28	28
Total Operating Revenues	<u>132,235</u>	<u>28</u>	<u>132,263</u>
<b>Operating Expenses:</b>			
Salaries	53,394		53,394
Fringe Benefits	17,139		17,139
Purchased Services	1,341		1,341
Materials and Supplies	96,333		96,333
Depreciation	394		394
Other	448		448
Capital Outlay	198		198
Total Operating Expenses	<u>169,247</u>		<u>169,247</u>
Operating Loss	<u>(37,012)</u>	<u>28</u>	<u>(36,984)</u>
<b>Non-Operating Revenues:</b>			
Federal Donated Commodities	8,211		8,211
Interest	1,340		1,340
Federal and State Subsidies	26,121		26,121
Total Non-Operating Revenues	<u>35,672</u>		<u>35,672</u>
Net Income (Loss)	(1,340)	28	(1,312)
Retained Earnings/Fund Balance at Beginning of Year	<u>51,132</u>	<u>1,261</u>	<u>52,393</u>
<b>Retained Earnings/Fund Balance at End of Year</b>	<b><u>\$49,792</u></b>	<b><u>\$1,289</u></b>	<b><u>\$51,081</u></b>

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



**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Sales	\$132,638		\$132,638
Cash Payments to Suppliers for Goods and Service	(82,250)		(82,250)
Cash Payments Employee Benefits	(15,078)		(15,078)
Cash Payments for Contract Services	(1,341)		(1,341)
Cash Payments for Employee Services	(52,336)		(52,336)
Other Cash Payments	(646)		(646)
Net Cash Used by Operating Activities	<u>(19,013)</u>		<u>(19,013)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating Grants Received	<u>22,091</u>		<u>22,091</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	<u>1,340</u>	<u>\$28</u>	<u>1,368</u>
Net Increase in Cash and Cash Equivalents	4,418	28	4,446
Cash and Cash Equivalents at Beginning of Year	<u>40,831</u>	<u>1,261</u>	<u>42,092</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$45,249</u></b>	<b><u>\$1,289</u></b>	<b><u>\$46,538</u></b>

(Continued)

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 1999  
(Continued)**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals</b>
	<b>Enterprise</b>	<b>Nonexpendable Trust</b>	<b>(Memorandum Only)</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating Income (Loss)	(\$37,012)	\$28	(\$36,984)
<b>Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:</b>			
Depreciation	394		394
Donated Commodities	8,210		8,210
Non-Expendable Trust Interest		(28)	(28)
(Increase) Decrease in Assets:			
Accounts Receivable	403		403
Material and Supplies Inventory	3,689		3,689
Increase (Decrease) in Liabilities:			
Accounts Payable	2,240		2,240
Compensated Absences Payable	580		580
Intergovernmental Payable	2,350		2,350
Deferred Revenue	(56)		(56)
Accrued Wages and Benefits	189		189
Total Adjustments	17,999	(28)	17,971
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(\$19,013)</b>	<b></b>	<b>(\$19,013)</b>

**NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 1999:		
Cash and Cash Equivalents - Trust and Agency Funds		\$226,336
Less: Agency Funds		(\$57,569)
Less: Expendable Trust Funds		(167,478)
<b>Cash and Cash Equivalents - Nonexpendable Trust Funds</b>		<b>\$1,289</b>

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

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

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

The Pettisville Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Pettisville Local School District is a local school district as defined by § 3311.03 of Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The board oversees the operations of the District's instructional/support facilities.

**The Reporting Entity**

The District has implemented the Government Accounting Standards Board (GASB) pronouncements concerning the definition of the reporting entity. Accordingly, the District's balance sheet includes all funds and account groups, over which the District officials exercise oversight responsibility.

Oversight responsibility includes such aspects as appointment of governing body members, budget review, approval of property tax levies, outstanding debt secured by District full faith and credit or revenues, and responsibility for funding deficits. On this basis, there were no organizations subject to the District's oversight responsibility, which required incorporation into the financial statements.

The District is associated with organizations, which are defined as jointly governed organizations, a related organization, and group purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northern Buckeye Education Council's Employee Insurance Benefits Program, the Northern Buckeye Education Council Workers' Compensation Group Rating Plan, and the Pettisville School Foundation. These organizations are presented in Notes 13, 14, and 15 to the general-purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

The modified accrual basis of accounting is followed for governmental, expendable trust, and agency funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income determination. Under this basis of accounting:

1. Only current assets and current liabilities are generally included on their balance sheets.
2. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
3. Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
  - a. Revenue accrued at the end of the year included taxes, interest, student fees, and tuition.

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

- b. Property taxes measurable but not available as of June 30, 1999 and delinquent property taxes, whose availability is indeterminate, have been recorded as deferred revenues.
  
- 4. Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources, rather than in the period earned by employees.

The Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets that the government holds for others in an agency capacity.

The Proprietary and Nonexpendable Trust Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements.

**B. Fund Accounting**

The District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reporting in other funds. The restrictions associated with each class of funds are as follows:

**1. Governmental Funds**

The funds through which most Board of Education functions are typically financed.

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

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

Debt Service Fund - The fund used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. According to the governmental accounting principles, the Debt Service Fund accounts for the payment of long-term debt for Governmental Funds only. Under Ohio law, the Debt Service Fund might also be used to account for the payment of debt for Proprietary Funds and the short-term debt of both Governmental and Proprietary Funds.

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

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

**2. Proprietary Funds**

The funds used to account for Board activities that are similar to business operations in the private sector. Proprietary Funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund measurement focus is upon determination of net income, financial position and cash flows.

Enterprise Funds - The funds used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

**3. Fiduciary Funds**

The funds used to account for assets not owned by the Board, but held for a separate entity.

Trust Funds - The funds used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable and Nonexpendable Trust Funds.

Agency Funds - The funds used to account for assets held by the District as an agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**4. Account Groups**

General Fixed Assets - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund making the expenditures and capitalized at cost in the General Fixed Assets Account Group.

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

**C. Budgetary Accounting**

Budgets are adopted on a cash basis.

The District is required by State statute to adopt an annual appropriation budget for all funds. The Title VI-B Flow Thru Grant, Eisenhower Math-Science Grant, and Federal Preschool Grant special revenue funds pass through grants in which the Northwest Educational Service Center is the primary recipient. Budgetary information for these funds are not included within the District's reporting entity for which the "appropriated budget" is adopted, and the District does not maintain separate budgetary records.

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

The specific timetable is as follows:

1. Prior to January 15, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. A public hearing is publicized and conducted to obtain taxpayers' comments. The purpose of this Budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board adopted budget is filed with the County Budget Commission for rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. The annual appropriation measure (the true operating budget) is then developed at the fund, function and object level of expenditures, which are the legal levels of budgetary control.
4. A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for a period July 1 to June 30. The appropriation measure may be amended or supplemented during the year, as new information becomes available. Appropriations may not exceed estimated resources.
5. The District maintains budgetary control by not permitting expenditures to exceed appropriations within each fund, function and object without approval of the Board of Education. The Board permits management to make discretionary budgetary adjustments within each fund which are approved by the Board on a monthly basis. Any adjustments that alter the total fund appropriation require specific action of the Board.
6. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the object level.

The District's budget (budget basis) for all funds accounts for certain transactions on a basis, which differs from generally, accepted accounting principles (GAAP basis). The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash for budget purposes as opposed to when susceptible to accrual for GAAP purposes.
2. Expenditures and expenses are recorded when paid in cash or encumbered for budget purposes as opposed to when the liability is incurred for GAAP purposes.

An analysis of the difference between GAAP and budgetary basis for all governmental fund types and expendable trust fund for the year ended June 30, 1999 follows:

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

Excess of Revenues and Other Sources  
Over (Under) Expenditures and Other Uses

	General	Special Revenue	Capital Projects	Expendable Trust
Budget Basis	(\$173,953)	\$5,493	(\$420,267)	\$4,571
Revenue Accruals	48,912	30,953	6,463	
Expenditure Accruals	(34,215)	(37,114)	(19,120)	
Other Sources/(Uses)	13,574		(12,500)	
Encumbrances	6,906	6,915	30,863	
GAAP Basis	<u>(\$138,776)</u>	<u>\$6,247</u>	<u>(\$414,561)</u>	<u>\$4,571</u>

**D. Encumbrances**

The District is required to use the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**E. Pooled Cash**

**Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 1999, investments were limited to repurchase agreements.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$29,755.

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

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

**F. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consist of expendable supplies held for consumption. The cost has been recorded as an expenditure at the time individual inventory items were purchased. Reported inventories in these funds are equally offset by a fund balance reserve, which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expended when used.

**G. Property, Plant and Equipment**

**1. General Fixed Assets Account Group**

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. The District follows the policy of not capitalizing assets with a cost of less than \$500. This is based primarily on the uniqueness of these items to a school operation. No depreciation is recognized for assets in the General Fixed Assets Account Group.

**2. Proprietary Funds**

Property plant and equipment reflected in the Proprietary Funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Contributed fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided for furniture, fixtures, and equipment on a straight line basis over an estimated useful life of up to ten years.

**H. Intergovernmental Revenues**

In governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for proprietary fund operations are recognized as revenue when measurable and earned. This District currently participates in various state and federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Teacher Development



**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

Educational Management Information Systems (EMIS)  
SchoolNet Technology Training Grant  
Instructional Material Subsidy  
Title I  
Title VI  
Drug Free Grants  
Power Up Grant  
Telecomm

Capital Projects Fund  
SchoolNet  
Emergency Building Repair  
Tech Equity

Reimbursable Grants

General Fund  
Driver Education Reimbursement

Enterprise Fund  
National School Lunch Program  
Government Donated Commodities

**I. Interfund Transactions**

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

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans are reflected as interfund receivables and interfund payables.

**J. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. This information is not comparable to a consolidation. Interfund-type eliminations have not been made in the combining of the data.

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

**K. Cash Flows**

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, deposits at banks, and investments with a maturity date of 90 days or less.

**L. Compensated Absences**

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences." In conformity with GASB Statement No. 16, the School District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the District will compensate the employees for the benefits through paid time or some other means, such as cash payments at termination or retirement.

Sick leave benefits are accrued as a liability using the vested method. The liability includes the employees who are currently eligible to receive termination benefits and that the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the District provides a liability for unpaid accumulated sick leave and vacation time for eligible employees in the period the employees become eligible to receive payment. The current portion of unpaid compensated absences is the amount to be paid using expendable available resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group. In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability.

**M. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For the other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligation Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**N. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the mounts required by statute to be set-aside by the School District for a reserve for budget stabilization. See Note 16 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

**O. Fund Balance Reserves**

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

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

**P. Estimates**

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

**3. EQUITY IN POOLED CASH**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

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

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

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

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

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

**Deposits:** At year end, the carrying amount of the School District's deposits was \$671,843 and the bank balance was \$749,120. Of the bank balance:

1. \$132,758 was covered by federal depository insurance; and
2. \$616,362 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Investments:** The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name.

	Category of Risk 3	Fair Value
Repurchase Agreements	\$65,103	\$65,103

**Cash With Fiscal Agent:** The District had \$1,743 in cash with fiscal agents by Fulton County Educational Service Center, which is included on the balance sheet as part of "Cash with Fiscal Agent." The Educational Service Center holds this flow through grant money for the School District along with that of other school districts and therefore the School District cannot classify this money by risk under GASB Statement 3.

**4. PROPERTY TAXES**

Property taxes include amounts levied against real, public utility, and tangible property located within the District. All property is required to be reappraised every six years with a triennial update.

Real property taxes, excluding public utility property, are assessed at 35 percent of appraised market value. Pertinent real property tax dates are:

Collection Dates	January and July of the current year
Lien Date	January 1 of the year preceding the collection year
Levy Date	April 1 of the year preceding the collection year

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value.

The taxes are based on assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Pertinent tangible personal property tax dates are:

Collection Dates	April and September of the current year
Lien Date	January 1 of the current year
Levy Date	April 1 of the year preceding the collection year

Most public utility tangible personal property currently is assessed at 35 percent of its true value. Pertinent public utility tangible personal property tax dates are:

Collection Dates	January and July of the current year
Lien Date	December 31 of the second year preceding the collection year
Levy Date	April 1 of the year preceding the collection year

The County Treasurers collect real estate property taxes on behalf of all taxing districts within the Counties of the District. The County Auditors periodically remit to the District its portion of the taxes collected with final settlement in March and September.

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

The County Treasurers collect personal property taxes on behalf of all taxing districts within the Counties of the District. The County Auditors periodically remit to the District its portion of the taxes collected with final settlement in May and October.

Taxes receivable represent current and delinquent real property, tangible personal property, and public utility property taxes, which are measurable at June 30, 1999. These taxes are intended to finance the next fiscal year's operations, and are therefore offset by a credit to deferred revenue, except for the portion, which is available to advance as of June 30, 1999.

The assessed values of properties upon which property tax revenues were based are as follows:

	Amount
Residential/Agricultural	\$22,758,530
Commercial/Industrial	3260270
Public Utility Real Property	25830
Public Utility Personal Property	4557470
General Personal Property	2940370
Total valuation	\$33,542,470

**5. FIXED ASSETS**

A summary of changes in the General Fixed Assets Account Group is as follows:

Asset Category	Balance at 7/1/98	Additions	Disposals	Balance at 6/30/99
Land and land improvements	\$317,718	\$76,000		\$393,718
Buildings	3,336,388	544,210		3,880,598
Furniture, fixtures and equipment	934,612	59,387	\$11,579	982,420
Vehicles	339,515	54,292		393,807
Infrastructure		2,863		2,863
Text and library books	139,655			139,655
Totals	\$5,067,888	\$736,752	\$11,579	5,793,061

A summary of Enterprise Fund fixed assets at June 30, 1999 follows:

Asset Category	Balance at 6/30/99
Furniture and Equipment	\$49,376
Less: Accumulated Depreciation	(34,458)
Totals	\$14,918

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

**6. OPERATING LEASE**

The School District is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights, and therefore, the results of the lease agreements are not reflected in the District's financial statements. During 1999, the District entered into a lease agreement to operate recreational facilities. During 1999 the School District did not have any expenditures for the operating lease. The following schedule is future minimum lease payment as of June 30, 1999.

<u>Fiscal Year Ending June 30:</u>	<u>Amount</u>
2000	\$223
2001	435
2002	419
2003	406
2004	391
2005	377
2006-2012	<u>1,760</u>
Total Minimum Lease Payment	<u><u>\$4,011</u></u>

**7. LONG-TERM OBLIGATIONS**

During the year ended June 30, 1999, the following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

	<u>Balance at July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 1999</u>
Energy Conservation Loan	\$ 33,628		\$14,424	\$ 19,204
Special Waterline Assessments	18,044		1,244	16,800
SERS and SERS surcharge	26,454		8,986	17,468
Employee benefit obligations	<u>207,574</u>	<u>\$5,738</u>		<u>213,312</u>
Total Long-Term Obligations	<u><u>\$285,700</u></u>	<u><u>\$5,738</u></u>	<u><u>\$24,654</u></u>	<u><u>\$266,784</u></u>

Debt outstanding at June 30, 1999 included an Energy Conservation Loan totaling \$19,204 with an interest rate at June 30, 1999 was 5.75 percent. The loan was issued in 1995 and will mature in 2001.

The Special Waterline Assessments at June 30, 1999 totaling \$16,800 with a current interest rate of 5.40% will mature in 2013.

Total expenditures for interest for the period ended June 30, 1999 was \$2,587.

The scheduled payments of principal and interest on debt outstanding at June 30, 1999 are as follows:

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$16,520	\$1,667	\$18,187
2001	5,172	879	6,051
2002	1,244	756	2,000
2003	1,244	689	1,933
2004	1,244	622	1,866
2005-2013	10,580	2,615	13,195
Total	<u>\$36,004</u>	<u>\$7,228</u>	<u>\$43,232</u>

**8. COMPENSATED ABSENCES**

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 5 to 25 Days. Employees with less than one year of service earn no vacation. Certain employees are permitted to carry over vacation leave if approved by the Superintendent.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-fourth of the accumulated sick leave to a maximum of 50 days.

At June 30, 1999, the current amount of unpaid compensated absences in all funds, except for the proprietary funds, and the balance of the liability in the General Long-Term Obligation Account Groups were \$5,728 and \$213,312, respectively. The liability for compensated absences in the proprietary fund at June 30, 1999 was \$3,457.

**9. PENSION AND RETIREMENT PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement



**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

Board. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$57,876, \$56,676, and \$51,828, respectively; 55 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$26,044 representing the unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1997, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$226,451, \$216,228, and \$197,832, respectively; 85 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$33,968 representing the unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds.

**10. POSTEMPLOYMENT BENEFITS**

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium.

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The Retirement Board allocates employer contributions equal to 2 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1998, the board allocated employer contributions equal to 3.5 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,156 million on June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999 will be 8 percent of covered payroll.

**PETTISVILLE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

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

After the allocation for the basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 1998, the allocation rate is 4.98 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1998, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, the Retirement System's net assets available for payment of health care benefits were \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

For the School District, the amount to fund health care benefits, including the surcharge equaled \$31,224.87 during the 1999 fiscal year.

**11. RISK MANAGEMENT**

**A. Comprehensive**

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully insured.

**B. Employee Insurance Benefits Program**

The District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry, and Williams counties and other eligible governmental entities. The District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees, which includes health, dental, and life insurance plans. Northern Buckeye Education Council is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

**C. Worker's Compensation Group Program**

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

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

**12. ENTERPRISE FUNDS SEGMENT INFORMATION**

The District maintains two Enterprise Funds, which provide lunchroom/cafeteria and uniform school supply services. Segment information for the year ended June 30, 1999 was as follows:

	Lunchroom/ Cafeteria	Uniform School Supplies	Total Enterprise Funds
Operating revenues	\$119,073	\$13,162	\$132,235
Depreciation	394		394
Operating (loss)	(36,319)	(693)	(37,012)
Donated commodities	8,211		8,211
Grants	26,121		26,121
Interest	1,340		1,340
Net income (loss)	(647)	(693)	(1,340)
Net working capital	30,323	4,551	34,874
Total assets	64,667	4,641	69,308
Total liabilities	19,426	90	19,516
Total equity	45,241	4,551	49,792

**13. JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Computer Association**

The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, Lucas, Williams and Wood counties. 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. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

District to NWOCA during this fiscal year were \$9,970. Financial information can be obtained from Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**B. Northern Buckeye Education Council**

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Total disbursements made by the District to NBEC for GAAP conversion services during this fiscal year were \$2,500. To obtain financial information write to the Northern Buckeye Education Council, Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**C. Four County Career Center**

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of five representatives from the Northwest Ohio Educational Service Center - one each from the counties of Defiance, Fulton, Henry, and Williams and one additional representative; one representative from each of the city school districts; one representative from each of the exempted village school districts. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Career Center, Michele Zeedyk, who serves as treasurer, at Route 1, Box 245A, Archbold, Ohio 43502.

**14. RELATED ORGANIZATION**

**Pettisville School Foundation**

The Pettisville School Foundation consists of a nine member Board of Trustees. Two of the trustees are appointed by the Pettisville Board of Education and the other seven member elected positions by the membership. The Foundation supports the School District and community in various projects such as scholarship programs, the attendance incentive program, and fund raising for school facilities. Decisions to disburse money to the School District are discretionary decisions made solely by the Board of Trustees of the Foundation. Financial information can be obtained from the Pettisville School Foundation, PO Box 111, Pettisville, Ohio 43553.

**15. GROUP PURCHASING POOLS**

**A. NBEC Employee Insurance Benefits Program**

Northern Buckeye Education Council Employee Insurance Benefits Program (the Pool) is a public entity shared risk pool consisting of educational entities located in Defiance, Fulton, Henry, and Williams counties. The Pool is governed by the Northern Buckeye Education Council and its

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

participating members. Total disbursements made by the District to NBEC for employee insurance benefits during this fiscal year were \$107,840. Financial information can be obtained from Northern Buckeye Education Council, Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**B. NBEC Workers' Compensation Group Rating Plan**

The District participates in a group rating plan for workers' compensation as established under § 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The WCGRP is governed by the Northern Buckeye Education Council and the participating members of the WCGRP. The Executive Director of the NBEC coordinates the management and administration of the program. During this fiscal year, the District paid an enrollment fee of \$389 to the WCGRP to cover the costs of administering the program.

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

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of 6/30/98			\$12,568	
Current Year Set-aside Requirement	\$39,433	39,433		
Bureau of Worker's Compensation Refund Received in Fiscal Year 1999			793	
Current Year Offsets	(6,860)			
Qualifying Disbursements	<u>(32,573)</u>	<u>(39,433)</u>		
Total			<u>\$13,361</u>	
Cash Balance Carried Forward to FY 2000			<u>\$13,361</u>	
Amount restricted for Budget Stabilization				<u>\$13,361</u>
Total Restricted Assets				<u>\$13,361</u>

Amounts of offsets and qualifying disbursements presented in the table were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had

**PETTISVILLE LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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

additional offsets and qualifying disbursements during the year, these extra amounts may not be used to reduce the set-aside requirements of future years, and are therefore not presented.

**17. SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$1,583,683 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

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



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

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

Pettisville Local School District  
Fulton County  
232 Summit Street  
P.O. Box 1  
Pettisville, Ohio 43553-0001

To the Board of Education:

We have audited the financial statements of Pettisville Local School District, Fulton County, ( the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated November 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated November 21, 2000.

Pettisville Local School District  
Fulton County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

November 21, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
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**PETTISVILLE LOCAL SCHOOL DISTRICT**

**FULTON 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  
DECEMBER 14, 2000**