



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

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**STATE OF OHIO**



**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

Fostoria City School District  
Seneca County  
500 Parkway Drive  
Fostoria, Ohio 44830-1513

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Fostoria City School District, Seneca County, (the District) as of and for the year ended June 30, 2000, 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 Fostoria City School District, Seneca County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types 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 January 22, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

January 22, 2001

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**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$927,358	\$356,440	\$523,152	\$111,989
Receivables:				
Taxes	6,837,278		964,096	290,972
Accounts	5,710			
Intergovernmental				
Accrued Interest				
Interfund Receivable	190,877	1,072		
Materials and Supplies Inventory	28,779			
Prepaid Items	15,113			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	198,034			
Fixed Assets				
Accumulated Depreciation				
<b>Other Debits:</b>				
Amount in Debt Service Fund for Retirement of Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<b><u>\$8,203,149</u></b>	<b><u>\$357,512</u></b>	<b><u>\$1,487,248</u></b>	<b><u>\$402,961</u></b>



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$7,441	\$25,888	\$149,232			\$2,101,500
					8,092,346
981					6,691
342					342
					191,949
27,837					56,616
					15,113
					198,034
486,428			\$25,890,190		26,376,618
(266,032)					(266,032)
				\$611,557	611,557
				9,847,844	9,847,844
<b>\$256,997</b>	<b>\$25,888</b>	<b>\$149,232</b>	<b>\$25,890,190</b>	<b>\$10,459,401</b>	<b>\$47,232,578</b>

(Continued)

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2000  
(Continued)**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$86,909	\$29,027		\$1,628
Accrued Wages and Benefits	1,320,333	160,138		
Compensated Absences Payable	70,207			
Interfund Payable		141,895		11,276
Intergovernmental Payable	240,426	22,527		
Deferred Revenue	6,208,571		\$875,691	264,342
Due to Students				
Claims Payable				
Capital Leases Payable				
Loans Payable				
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<b>7,926,446</b>	<b>353,587</b>	<b>875,691</b>	<b>277,246</b>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	444,283	220,386		113,543
Reserved for Inventory	28,779			
Reserved for Prepaid Items	15,113			
Reserved for Debt Service Principal			545,476	
Reserved for Advances	190,877	1,072		
Reserved for Contributions				
Reserved for Property Taxes	418,942		66,081	18,784
Reserved for Budget Stabilization	198,034			
Unreserved:				
Unreserved, Undesignated	(1,019,325)	(217,533)		(6,612)
<b>Total Fund Equity and Other Credits</b>	<b>276,703</b>	<b>3,925</b>	<b>611,557</b>	<b>125,715</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$8,203,149</b>	<b>\$357,512</b>	<b>\$1,487,248</b>	<b>\$402,961</b>

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$53		\$2,010			\$119,627
14,980					1,495,451
15,615				\$840,211	926,033
37,206		1,572			191,949
10,888				166,889	440,730
20,036					7,368,640
		48,935			48,935
	\$5,488				5,488
				6,327	6,327
				713,066	713,066
				8,732,908	8,732,908
98,778	5,488	52,517		10,459,401	20,049,154
			\$25,890,190		25,890,190
158,219	20,400				178,619
					778,212
					28,779
					15,113
					545,476
					191,949
		29,868			29,868
					503,807
					198,034
		66,847			(1,176,623)
158,219	20,400	96,715	25,890,190		27,183,424
<b>\$256,997</b>	<b>\$25,888</b>	<b>\$149,232</b>	<b>\$25,890,190</b>	<b>\$10,459,401</b>	<b>\$47,232,578</b>

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental and Similar Fiduciary Fund Types  
For the Year Ended June 30, 2000**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Revenues:</b>		
Intergovernmental	\$7,973,773	\$2,248,864
Interest	202,035	4,182
Tuition and Fees	74,109	45,794
Rent	10,337	
Extracurricular Activities		121,295
Gifts and Donations	17,295	22,136
Property and Other Local Taxes	6,648,283	
Miscellaneous	182,739	42,473
<b>Total Revenues</b>	<b>15,108,571</b>	<b>2,484,744</b>
<b>Expenditures:</b>		
Instruction:		
Regular	7,280,031	627,764
Special	1,565,667	591,326
Vocational	285,071	
Adult/Continuing	3,635	47,330
Other	369,124	
Support services:		
Pupils	878,824	125,559
Instructional Staff	796,204	577,497
Board of Education	10,882	
Administration	1,434,291	103,593
Fiscal	377,346	11,499
Business	254,428	2,538
Operation and Maintenance of Plant	1,672,586	16,357
Pupil Transportation	527,917	27,548
Central	92,099	87,033
Non-Instructional Services	6,821	376,815
Extracurricular activities	339,496	106,457
Capital Outlay	120,026	
Debt Service		
Debt Service - Principal	183,989	
Debt Service - Interest	47,418	
<b>Total Expenditures</b>	<b>16,245,855</b>	<b>2,701,316</b>
Excess of Revenues Over (Under) Expenditures	<u>(1,137,284)</u>	<u>(216,572)</u>
<b>Other Financing Sources and Uses</b>		
Proceeds from Sale of Long-Term Notes	134,600	
Proceeds from Sale of Fixed Assets	455	
Refund of Prior Year Expenditures	34,505	
Increase (Decrease) in Fair Value in Investments	(55,793)	
Refund of Prior Year Receipts		(4,604)
<b>Total Other Financing Sources (Uses)</b>	<b>113,767</b>	<b>(4,604)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,023,517)	(221,176)
Fund Balance at Beginning of Year	1,300,220	225,101
<b>Fund Balance at End of Year</b>	<b>\$276,703</b>	<b>\$3,925</b>

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

<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
\$83,351	\$106,001 2,995	\$774	\$10,411,989 209,986 119,903 10,337 121,295 39,856
948,271	283,519	425	7,880,073 225,212
<u>1,031,622</u>	<u>392,515</u>	<u>1,199</u>	<u>19,018,651</u>
	11,727		7,919,522 2,156,993 285,071 50,965 369,124
	78,605		1,004,383 1,452,306 10,882 1,537,884 412,753 256,966
18,103	5,805 1		1,688,944 555,465 179,132 383,636 449,253 420,832
	300,806	3,300	
601,597 347,578	8,056 531		793,642 395,527
<u>967,278</u>	<u>405,531</u>	<u>3,300</u>	<u>20,323,280</u>
<u>64,344</u>	<u>(13,016)</u>	<u>(2,101)</u>	<u>(1,304,629)</u>
	18,550 7,679		134,600 19,005 42,184 (55,793) (4,604)
	<u>26,229</u>		<u>135,392</u>
64,344	13,213	(2,101)	(1,169,237)
<u>547,213</u>	<u>112,502</u>	<u>67,373</u>	<u>2,252,409</u>
<u><b>\$611,557</b></u>	<u><b>\$125,715</b></u>	<u><b>\$65,272</b></u>	<u><b>\$1,083,172</b></u>

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual Comparison (Non GAAP-Budgetary Basis)  
All Governmental and Similar Fiduciary Fund Types  
For the Year Ended June 30, 2000**

	<b>General</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>			
Intergovernmental	\$8,169,917	\$7,973,773	(\$196,144)
Interest	210,000	202,035	(7,965)
Tuition and Fees	79,499	73,850	(5,649)
Rent	12,000	10,272	(1,728)
Extracurricular Activities			
Gifts and Donations	25,000	35,763	10,763
Property and Other Local Taxes	6,480,000	6,690,014	210,014
Miscellaneous	99,050	179,647	80,597
<b>Total Revenues</b>	<b>15,075,466</b>	<b>15,165,354</b>	<b>89,888</b>
<b>Expenditures:</b>			
Instruction:			
Regular	7,689,652	7,535,244	154,408
Special	1,670,578	1,634,615	35,963
Vocational	299,684	292,489	7,195
Adult/Continuing	3,548	3,614	(66)
Other	341,591	371,588	(29,997)
Support services:			
Pupils	1,009,943	918,510	91,433
Instructional Staff	886,640	854,383	32,257
Board of Education	18,716	17,499	1,217
Administration	1,531,928	1,473,007	58,921
Fiscal	389,200	379,486	9,714
Business	264,297	240,310	23,987
Operation and Maintenance of Plant	1,866,359	1,758,448	107,911
Pupil Transportation	657,683	675,849	(18,166)
Central	107,336	98,101	9,235
Non-Instructional Services	6,978	6,936	42
Extracurricular activities	351,672	347,325	4,347
Capital Outlay	154,260	142,820	11,440
Debt Service			
Debt Service - Principal	102,266	102,266	
Debt Service - Interest	42,059	42,059	
<b>Total Expenditures</b>	<b>17,394,390</b>	<b>16,894,549</b>	<b>499,841</b>
Excess of Revenues Over (Under) Expenditures	(2,318,924)	(1,729,195)	589,729
<b>Other Financing Sources and Uses</b>			
Proceeds from Sale of Long-Term Notes	132,000	134,600	2,600
Proceeds from Sale of Fixed Assets		455	455
Refund of Prior Year Expenditures	4,000	36,635	32,635
Advances In	92,939	92,939	
Refund of Prior Year Receipts			
Advances Out	(189,377)	(189,377)	
<b>Total Other Financing Sources (Uses)</b>	<b>39,562</b>	<b>75,252</b>	<b>35,690</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,279,362)	(1,653,943)	625,419
Fund Balances at Beginning of Year	1,996,977	1,996,977	
Prior Year Encumbrances Appropriated	308,255	308,255	
<b>Fund Balance at end of Year</b>	<b>\$25,870</b>	<b>\$651,289</b>	<b>\$625,419</b>

Special Revenue			Debt Service		
Budget	Actual	Variance	Budget	Actual	Variance
\$2,894,321	\$2,248,864	(\$645,457)	\$78,700	\$83,351	\$4,651
49,678	45,794	(3,884)			
121,083	121,908	825			
23,051	22,136	(915)			
41,761	41,761		875,000	951,540	76,540
3,129,894	2,484,645	(645,249)	953,700	1,034,891	81,191
824,032	694,128	129,904			
771,850	627,475	144,375			
67,642	55,053	12,589			
190,424	178,553	11,871			
690,380	587,538	102,842			
125,956	123,712	2,244			
13,817	13,817		19,500	18,103	1,397
3,038	2,538	500			
28,752	28,752				
44,490	44,190	300			
116,545	93,397	23,148			
483,228	402,473	80,755			
112,677	112,678	(1)			
			601,597	601,597	
			348,770	347,578	1,192
3,472,831	2,964,304	508,527	969,867	967,278	2,589
(342,937)	(479,659)	(136,722)	(16,167)	67,613	83,780
211	140,894	140,683			
(4,604)	(4,604)				
(4,541)	(4,541)				
(8,934)	131,749	140,683			
(351,871)	(347,910)	3,961	(16,167)	67,613	83,780
344,388	344,388		455,539	455,539	
110,810	110,810				
<b>\$103,327</b>	<b>\$107,288</b>	<b>\$3,961</b>	<b>\$439,372</b>	<b>\$523,152</b>	<b>\$83,780</b>

(Continued)

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual Comparison (Non GAAP-Budgetary Basis)  
All Governmental and Similar Fiduciary Fund Types  
For the Year Ended June 30, 2000  
(Continued)**

	<u>Capital Projects</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Intergovernmental	\$219,398	\$106,001	(\$113,397)
Interest	3,000	2,995	(5)
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Property and Other Local Taxes	282,000	286,511	4,511
Miscellaneous			
Total Revenues	<u>504,398</u>	<u>395,507</u>	<u>(108,891)</u>
<b>Expenditures:</b>			
Instruction:			
Regular	12,629	11,757	872
Special			
Vocational			
Adult/Continuing			
Other			
Support services:			
Pupils			
Instructional Staff	175,806	174,905	901
Board of Education			
Administration			
Fiscal	7,000	5,805	1,195
Business			
Operation and Maintenance of Plant	8,825	8,825	
Pupil Transportation	8,000		8,000
Central			
Non-Instructional Services			
Extracurricular activities			
Capital Outlay	332,640	319,346	13,294
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	<u>544,900</u>	<u>520,638</u>	<u>24,262</u>
Excess of Revenues Over (Under) Expenditures	<u>(40,502)</u>	<u>(125,131)</u>	<u>(84,629)</u>
<b>Other Financing Sources and Uses</b>			
Proceeds from Sale of Long-Term Notes			
Proceeds from Sale of Fixed Assets	10,550	18,550	8,000
Refund of Prior Year Expenditures	7,679	7,679	
Advances In		11,276	11,276
Refund of Prior Year Receipts			
Advances Out	(19,019)	(19,019)	
Total Other Financing Sources (Uses)	<u>(790)</u>	<u>18,486</u>	<u>19,276</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(41,292)</u>	<u>(106,645)</u>	<u>(65,353)</u>
Fund Balances at Beginning of Year	62,823	62,823	
Prior Year Encumbrances Appropriated	40,640	40,640	
<b>Fund Balance at end of Year</b>	<u><u>\$62,171</u></u>	<u><u>(\$3,182)</u></u>	<u><u>(\$65,353)</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	Budget	Actual	Variance
\$1,235	\$1,235		\$11,362,336	\$10,411,989	(\$950,347)
			214,235	210,447	(3,788)
			129,177	119,644	(9,533)
			12,000	10,272	(1,728)
			121,083	121,908	825
425	425		48,476	58,324	9,848
			7,637,000	7,928,065	291,065
			140,811	221,408	80,597
1,660	1,660		19,665,118	19,082,057	(583,061)
158		\$158	8,526,471	8,241,129	285,342
			2,442,428	2,262,090	180,338
			299,684	292,489	7,195
			71,190	58,667	12,523
			341,591	371,588	(29,997)
			1,200,367	1,097,063	103,304
			1,752,826	1,616,826	136,000
			18,716	17,499	1,217
			1,657,884	1,596,719	61,165
			429,517	417,211	12,306
			267,335	242,848	24,487
			1,903,936	1,796,025	107,911
			710,173	720,039	(9,866)
			223,881	191,498	32,383
			490,206	409,409	80,797
3,300	3,300		467,649	463,303	4,346
			486,900	462,166	24,734
			703,863	703,863	
			390,829	389,637	1,192
3,458	3,300	158	22,385,446	21,350,069	1,035,377
(1,798)	(1,640)	158	(2,720,328)	(2,268,012)	452,316
			132,000	134,600	2,600
			10,550	19,005	8,455
			11,679	44,314	32,635
			93,150	245,109	151,959
			(4,604)	(4,604)	
			(212,937)	(212,937)	
			29,838	225,487	195,649
(1,798)	(1,640)	158	(2,690,490)	(2,042,525)	647,965
66,912	66,912		2,926,639	2,926,639	
			459,705	459,705	
<b>\$65,114</b>	<b>\$65,272</b>	<b>\$158</b>	<b>\$695,854</b>	<b>\$1,343,819</b>	<b>\$647,965</b>

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**Combined Statement of Revenues, Expenses and Changes in  
Retained Earnings/Fund Balance  
All Proprietary and Similar Fiduciary Fund Types  
For the Year Ended June 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<b>Totals (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
<b>Operating Revenues:</b>				
Tuition	\$3,894			\$3,894
Sales	344,097			344,097
Charges For Services		\$1,234,530		1,234,530
Interest			\$106	106
<b>Total Operating Revenues</b>	<u>347,991</u>	<u>1,234,530</u>	<u>106</u>	<u>1,582,627</u>
<b>Operating Expenses</b>				
Salaries	246,600			246,600
Fringe Benefits	122,478	108,629		231,107
Purchased Services	3,978	1,037,488		1,041,466
Materials and Supplies	399,851			399,851
Depreciation	17,313			17,313
Other			3,400	3,400
<b>Total Operating Expenses</b>	<u>790,220</u>	<u>1,146,117</u>	<u>3,400</u>	<u>1,939,737</u>
Operating Income (Loss)	<u>(442,229)</u>	<u>88,413</u>	<u>(3,294)</u>	<u>(357,110)</u>
<b>Non-Operating Revenues and Expenses</b>				
Federal Donated Commodities	85,179			85,179
Interest		2,846		2,846
Federal and State Subsidies	338,571			338,571
<b>Total Non-Operating Revenues and Expenses</b>	<u>423,750</u>	<u>2,846</u>		<u>426,596</u>
Net Income (Loss)	(18,479)	91,259	(3,294)	69,486
Retained Earnings/Fund Balances at Beginning of Year	176,698	(70,859)	34,737	140,576
<b>Retained Earnings/Fund Balances at End of Year</b>	<u><b>\$158,219</b></u>	<u><b>\$20,400</b></u>	<u><b>\$31,443</b></u>	<u><b>\$210,062</b></u>

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

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**Combined Statement of Cash Flows  
All Proprietary and Similar Fiduciary Trust Fund Types  
For the Year Ended June 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Tuition	\$3,894			\$3,894
Cash Received from Sales	343,216			343,216
Cash Received from Charges for Services		\$1,234,530		1,234,530
Cash Payments to Suppliers for Goods and Service	(315,321)			(315,321)
Cash Payments for Contract Services	(3,978)	(1,231,917)		(1,235,895)
Cash Payments for Employee Services	(259,988)			(259,988)
Cash Payments for Employee Benefits	(110,448)	(108,629)		(219,077)
Other Cash Payments			(\$3,400)	(3,400)
Net Cash Used by Operating Activities	(342,625)	(106,016)	(3,400)	(452,041)
<b>Cash Flows from Noncapital Financing Activities:</b>				
Operating Grants Received	382,409			382,409
Advances In	37,206			37,206
Advances Out	(69,361)			(69,361)
Net Cash Provided by Noncapital Financing Activities	350,254			350,254
<b>Cash Flows from Investing Activities:</b>				
Interest Received		3,145	419	3,564
Net Increase (Decrease) in Cash and Cash Equivalents	5,616	(102,871)	(2,981)	(100,236)
Cash and Cash Equivalents at Beginning of Year	1,825	128,759	34,424	165,008
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$7,441</b>	<b>\$25,888</b>	<b>\$31,443</b>	<b>\$64,772</b>

(Continued)

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**Combined Statement of Cash Flows  
All Proprietary and Similar Fiduciary Trust Fund Types  
For the Year Ended June 30, 2000  
(Continued)**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	(\$442,229)	\$88,413	(\$3,294)	(\$357,110)
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Depreciation	17,313			17,313
Donated Commodities Used During the Year	85,179			85,179
Nonexpendable Trust Interest			(419)	(419)
(Increase) Decrease in Assets:				
Accounts Receivable	(881)		313	(568)
Material and Supplies Inventory	19,931			19,931
Increase (Decrease) in Liabilities:				
Accounts Payable	(715)			(715)
Compensated Absences Payable	1,527			1,527
Intergovernmental Payable	393			393
Deferred Revenue	(19,865)			(19,865)
Claims Payable		(194,429)		(194,429)
Accrued Wages and Benefits	(3,278)			(3,278)
<b>Total Adjustments</b>	<b><u>(\$342,625)</u></b>	<b><u>(\$106,016)</u></b>	<b><u>(\$3,400)</u></b>	<b><u>(\$452,041)</u></b>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 2000:				
Cash and Cash Equivalents - Trust and Agency Funds				\$149,232
Less: Expendable Trust Funds				(\$65,272)
Less: Agency Funds				<u>(52,517)</u>
<b>Cash and Cash Equivalents - Nonexpendable Trust Funds</b>				<b><u>\$31,443</u></b>

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

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

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

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

The School District was established in 1856 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 32 square miles. It is located in Seneca County, but also encompasses portions of Hancock and Wood Counties and includes all of the City of Fostoria. The School District is the 210th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 145 non-certificated employees and 218 certificated full-time teaching personnel who provide services to 2,485 students and other community members. The School District currently operates 6 instructional buildings, one administrative building, and three garages.

**Reporting Entity:**

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

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

The School District is associated with three organizations, which are defined as jointly governed organizations and an insurance purchasing pool. These organizations include the Northern Ohio Educational Computer Association, the Vanguard-Sentinel Career Center, and the Ohio School Boards Association Worker's Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the general-purpose financial statements.

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

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

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

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

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

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

**1. Governmental Fund Types**

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

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

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

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

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

**2. Proprietary Fund Types**

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

*Enterprise Funds* - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

*Internal Service Fund* - Internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

**3. Fiduciary Fund Types**

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

**4. Account Groups**

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

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

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

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

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

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

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

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

**C. Budgetary Process**

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

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

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



**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**1. Tax Budget**

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

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

**2. Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

**3. Appropriations**

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

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

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

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**4. Encumbrances**

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

**5. Lapsing of Appropriations**

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

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through 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 2000, investments were limited to STAR Ohio, repurchase agreements, and U.S. Treasury securities.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2000.

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 2000 amounted to \$202,035 of which \$10,903 was assigned to other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturity 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.

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**E. Estimates**

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

**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 consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Fixed Assets and Depreciation**

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

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

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

**I. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

**Entitlements**

*General Fund*

- State Foundation Program
- School Bus Purchase Reimbursement

**Non-Reimbursable Grants**

*Special Revenue Funds*

- Teacher Development
- Entry Year Programs
- Data Communications for School Buildings
- Textbook/Instructional Materials Subsidy
- Adult Basic Education
- Eisenhower Grant
- Auxiliary Services
- Education Management Information Systems
- Public School Preschool
- Disadvantaged Pupil Impact Aid
- Title I
- Title VI
- Title VI-B
- Drug Free Schools
- Goals 2000 Intervention
- Professional Development Block Grant
- Preschool Grant

*Capital Projects Funds*

- School Net
- Technology Equity
- Emergency Building Repair Grant

**Reimbursable Grants**

*General Fund*

- Driver Education

*Proprietary Funds*

- National School Lunch Program
- National School Breakfast Program
- Government Donated Commodities

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

Grants and entitlements amounted to approximately 50 percent of the School District's operating revenue during the 2000 fiscal year.

**J. Interfund Assets/Liabilities**

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

**K. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. In prior years, the School District included only the employees who were eligible to receive termination benefits. For fiscal year 2000, the liability includes the employees who are currently eligible to receive termination benefits and those, the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for employees after 20 years of current service with the School District, or after 15 years of service and at least 45 years of age or after 5 years of service and at least 50 years old. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

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

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

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**N. Fund Balance Reserves**

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

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.

**O. Interfund Transactions**

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

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

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

**NOTE 3 - ACCOUNTABILITY**

At June 30, 2000, the following funds had deficit fund balances, which were created by the application of generally, accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**FOSTORIA CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

Management Information Systems	\$705
Public School Preschool	4,055
Disadvantaged Pupil Impact Aid	34,370
Ohio Reads	87,670
Alternative Schools	362
Title VI-B	32,102
Title I	37,743
Title VI	3,271
Drug Free School Grant	9,892
EHA Preschool Grants	1,616
Telecomm E-Rate	10,568
Uniform School Supplies Fund	1,637
Rotary Fund – Industrial Arts	376
Total	\$224,367

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental and Similar Fiduciary Fund Types					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	(\$1,653,943)	(\$347,910)	\$67,613	(\$106,645)	(\$1,640)
Net Adjustment for:					
Revenue Accruals	(56,783)	99	(3,269)	(2,992)	(461)

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	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Expenditure Accruals	118,798	13,837		(64)	
Other Sources/Uses	38,515	(136,353)		7,743	
Encumbrances	529,896	249,151		115,171	
GAAP Basis	<u>(\$1,023,517)</u>	<u>(\$221,176)</u>	<u>\$64,344</u>	<u>\$13,213</u>	<u>(\$2,101)</u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or 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 to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or 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 the 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. Bonds and other obligations of the State of Ohio;



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5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section 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 purchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the School District had \$5,900 in undeposited cash on hand, which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

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

*Deposits:* At fiscal year end, the carrying amount of the District's deposits was \$10,002 and the bank balance was \$301,732. Of the bank balance, \$225,148 was covered by Federal Depository Insurance, and \$76,584 was secured by pooled collateral that was held in the pledging financial institution's name. All State statutory requirements for the depositing of money had been followed.

*Investments:* The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Reported Amount	Market Value
STAR Ohio	None	\$305,173	\$305,173
U.S. Treasury Securities	1,978,459	1,978,459	1,978,459
Totals Investments		<u>\$2,283,632</u>	<u>\$2,283,632</u>

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

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	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$2,299,534	
Cash on Hand	(5,900)	
Investments:		
STAR Ohio	(305,173)	\$305,173
U.S. Treasury Securities	(1,978,459)	1,978,459
GASB Statement 3	\$10,002	\$2,283,632

**NOTE 6 - PROPERTY TAXES**

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

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

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

The School District receives property taxes from Seneca, Hancock, and Wood Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000 are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$418,942 in the General Fund, \$66,081 in the Bond Retirement Debt Service Fund and \$18,784 in the Permanent Improvement Capital Projects Fund.

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The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$122,341,470	66%	\$147,448,260	70%
Public Utility	12,268,000	7%	11,534,020	5%
Tangible Personal Property	51,184,840	27%	51,930,392	25%
Total Assessed Value	\$185,794,310	100%	\$210,912,672	100%
Tax rate per \$1,000 of assessed valuation	\$54.48		\$54.48	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes	\$6,837,278
Accounts	5,710
Debt Service Fund	
Taxes	964,096
Capital Project Funds	
Taxes	290,972
Enterprise Fund	
Accounts	981
Intergovernmental	342
Total Receivables	\$8,099,379

**NOTE 8 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$486,428
Less: Accumulated Depreciation	(266,032)
Net Fixed Assets	\$220,396

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The District restated its beginning balances due to errors in converting from one computer system to another. A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Restated Balance at 6/30/99	Additions	Deletions	Balance at 06/30/00
Land/Buildings	\$20,154,992	\$286,328		\$20,441,320
Furniture and Equipment	4,310,084	311,306	\$132,595	4,488,795
Vehicles	960,075			960,075
<b>Totals</b>	<b>\$25,425,151</b>	<b>\$597,634</b>	<b>\$132,595</b>	<b>\$25,890,190</b>

**NOTE 9 - RISK MANAGEMENT**

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.

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The School District pays monthly premiums to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$5,488 reported in the internal service fund at June 30, 2000 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the past three fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$135,801	1,090,970	1,142,058	84,713
1999	84,713	1,600,077	1,484,873	199,917
2000	\$199,917	\$1,037,488	\$1,231,917	\$5,488

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. 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 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 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, 2000, 1999, and 1998 were \$1,206,414, \$1,184,462, and \$813,703, respectively; 84 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$197,600 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. For fiscal year 1998, 9.79 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$409,311, \$378,384, \$210,073, respectively; 51 percent has been contributed fiscal year 2000 and 100 percent of the fiscal years 1999 and 1998. \$199,806 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds and the general long-term obligations account group.

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**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**NOTE 11 - 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, 1999, the board allocated employer contributions equal to 8 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion on June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000 will be 8 percent of covered payroll.

For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000. There were 95,796 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, 1999, the allocation rate is 6.30 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 1999, 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 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits were \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

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The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .450, then adding the surcharge due as of June 30, 2000, as certified to your district by SERS.

**NOTE 12 - EMPLOYEE BENEFITS**

**Compensated Absences**

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 40 days for classified employees and 50 days for certified employees.

**NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE**

The School District has entered into capitalized leases for computer equipment and vehicles. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of computer equipment and vehicles have been capitalized in the general fixed assets account group in the amount of \$275,436. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$89,779 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	Vehicles
2001	\$6,706
Less: Amount Representing Interest	(379)
Present Value of Net Minimum Lease Payments	\$6,327

**NOTE 14 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

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		Balance at 07/01/99	Additions	Deductions	Balance at 06/30/00
Middle School Annex Bonds	4.70%	\$96,000		\$46,597	\$49,403
HB 264 Lighting Loan	4.80%	256,855		28,540	228,315
Middle School Refinancing Bonds	4.46%	9,023,505		555,000	8,468,505
Energy Conservation Loan	5.50%	558,477		73,726	484,751
School Bus Bonds	5.50%		\$134,000		134,000
School Bus Bonds	5.00%	105,000		24,000	81,000
Long-Term Bonds and Notes		10,039,837	134,000	727,863	9,445,974
Capital Leases		96,106		89,779	6,327
Pension Obligation		142,057	24,832		166,889
Compensated Absences		830,258	9,953		840,211
Total Long-Term Obligations		<u>\$11,108,258</u>	<u>\$168,785</u>	<u>\$817,642</u>	<u>\$10,459,401</u>

*Middle School Refinancing Bonds* - On April 1, 1992, the Fostoria City School District issued bonds for the an addition and improvement to the middle school building. The bonds were issued for a twenty-five year period with final maturity at December 1, 2017. The bonds will be retired from the debt service fund.

*Energy Conservation Loan* - On May 15, 1997, the Fostoria City School District issued \$806,995 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code § 133.06(G) and 3313.372. The notes were issued for a ten-year period with final maturity during fiscal year 2006. The loan will be retired from the debt service fund.

*School Bus Bonds* - On June 30, 1998, the Fostoria City School District issued bonds in the amount of \$129,000 for the purpose of purchasing school buses for the Fostoria City School District. The bonds were issued for a six-year period with final maturity during fiscal year 2003. The bonds will be retired from the debt service fund.

*Middle School Annex Bonds* - On April 1, 2000, the Fostoria City School District issued bonds in the amount of \$96,000 for the purpose of purchasing land for the Fostoria City School District. The bonds were issued for a two-year period with final maturity during fiscal year 2001. The bonds will be retired from the debt service fund.

*School Bus Bonds* - On June 1, 00, the Fostoria City School District issued bonds in the amount of \$134,000 for the purpose of paying part of the costs of acquiring school buses, including financing charges in connection with the Ohio School Districts 2000 Bus Borrowing Program. The issuance of such bonds are pursuant to Chapter 133 of the Ohio Revised Code and Section 3327.08. The bonds were issued for a five year period with final maturity in April 15, 2005. The bonds will be retired from the debt service fund.

*HB 264 Lighting* - On August 21, 1998, the Fostoria City School District obtained a loan in the amount of \$285,394 for the purpose of lighting for the Fostoria City School District. The loan was issued for a ten-year period with final maturity during fiscal year 2008. The loan will be retired from the debt service fund.

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the general and capital project funds.



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The School District's voted legal debt margin was \$10,464,232 with an unvoted debt margin of \$210,913 at June 30, 2000.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2000, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2001	\$640,780	\$382,795	\$1,023,575
2002	652,718	359,166	1,011,784
2003	668,301	332,744	1,001,045
2004	710,139	305,213	1,015,352
2005	740,247	275,746	1,015,993
2006-2010	3,430,283	947,868	4,378,151
2011-2015	1,148,506	3,081,145	4,229,651
2016-2017	1,455,000	100,580	1,555,580
Total	<u>\$9,445,974</u>	<u>\$5,785,157</u>	<u>\$15,231,131</u>

**NOTE 15 - INTERFUND ACTIVITY**

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivables	Interfund Payables
General Fund	\$190,877	
Special Revenue Fund	1,072	\$141,895
Capital Projects		11,276
Enterprise Fund		37,206
Agency Fund		1,572
Total All Funds	<u>\$191,949</u>	<u>\$191,949</u>

**NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains four enterprise funds to account for the operations of food service, uniform school supplies, rotary and the adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Fostoria City School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Rotary	Adult Education	Total Enterprise Funds
Operating Revenues	\$344,147	(\$50)		\$3,894	\$347,991
Depreciation Expense	17,313				17,313
Operating Income (Loss)	(445,378)	(50)		3,199	(442,229)

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	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Rotary</u>	<u>Adult Education</u>	<u>Total Enterprise Funds</u>
Donated Commodities	85,179				85,179
Grants	335,835			2,736	338,571
Net Income (Loss)	(24,364)	(50)		5,935	(18,479)
Net Working Capital	(66,080)	(1,637)	(376)	5,916	(62,177)
Total Assets	250,458			6,539	256,997
Total Liabilities	96,142	1,637	376	623	98,778
Total Equity	154,316	(1,637)	(376)	5,916	158,219

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

*Northern Ohio Educational Computer Association* - The School District is a participant in the Northern Ohio Educational Computer Association (NOECA), a jointly governed organization. NOECA is an association of public school districts within the boundaries of Erie, Huron, Ottawa, Sandusky, and Seneca Counties and Cities of Huron, Sandusky, Norwalk, Bellevue, Port Clinton, Fremont, Fostoria, and Tiffin. NOECA was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the member districts supports NOECA based upon a per pupil charge dependent upon the software package utilized. NOECA is governed by a Board of Directors consisting of the superintendents of the member school districts. The District paid to NOECA \$14,372 in fiscal year 2000. Financial information can be obtained from Betty Schwiefert, who serves as controller, at 2900 Columbus Avenue, Sandusky, Ohio 44870.

*Vanguard-Sentinal Career Center* - The Vanguard-Sentinal Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Vanguard-Sentinal Career Center, Jay Valasek, who serves as Treasurer, at 1306 Cedar Street, Fremont, Ohio 43420.

**NOTE 18 - INSURANCE PURCHASING POOL**

*Ohio School Boards Association Workers' Compensation Group Rating Plan* - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP.

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NOTE 19 - CONTINGENCIES**

**Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

**NOTE 20 - 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 June 30, 1999			\$195,996	\$195,996
Current Year Set-aside Requirement	\$333,820	\$333,820		
Workers' Compensation			2,038	2,038
Current Year Offsets		(318,818)		
Qualifying Disbursements	<u>(346,446)</u>	<u>(19,789)</u>		
Total	<u><u>(\$12,626)</u></u>	<u><u>(\$4,787)</u></u>	<u><u>\$198,034</u></u>	
Cash Balance Carried Forward to FY 2001			<u><u>\$198,034</u></u>	
Amount Restricted for Budget Stabilization				<u><u>\$198,034</u></u>
Total Restricted Assets				<u><u>\$198,034</u></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 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.

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**NOTE 21 – STATE SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the 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, 2000, the School District received \$7,285,981 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.

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
<u>Nutrition Cluster:</u>						
Food Distribution Program		10.550		\$85,179		\$85,179
National School Lunch Program	043992 03PU 00099	10.555	\$13,505		\$13,505	
	043992 03PU 00000		42,599		42,599	
	043992 04PU 00099		61,389		61,389	
	043992 04PU 00000		191,165		191,165	
Total National School Lunch Program			308,658		308,658	
National School Breakfast Program	043992 05PU 00099	10.553	10,239		10,239	
	043992 05PU 00000		34,821		34,821	
Total National School Breakfast Program			45,060		45,060	
Total Department of Agriculture - Nutrition Cluster			353,718	85,179	353,718	85,179
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
<u>Special Education Cluster:</u>						
Special Education Grants to States (IDEA Part B)	043992 6B-SF 98P	84.027	15,306		26,034	
	043992 6B-SF 99P		178,745		189,680	
Total Special Education Grants to States			194,051		215,714	
Special Education - Preschool Grant	043992 PG-S1 98P	84.173			47	
	043992 PG-S1 99P		1,927		3,627	
	043992 PG-S1 00P		39,316		39,316	
Total Special Education - Preschool Grant			41,243		42,990	
Total Special Education Cluster			235,294		258,704	
Adult Education- State Grant Program	043992 AB-S1 99	84.002	28,358		20,431	
	043992 AB-S1 99C				11,500	
	043992 AB-S1 00		39,286		39,286	
Total Adult Education-State Grant Program			67,644		71,217	
Grants to Local Educational Agencies (ESEA Title I)	043992 C1-S1 98C	84.010			23,544	
	043992 C1-S1 99		40,000		133,221	
	043992 C1-S1 99C		65,763		93,084	
	043992 C1-S1 00		517,533		473,422	
Total Grants to Local Educational Agencies			623,296		723,271	
Innovative Educational Program Strategies	043992 C2-S1 98C	84.298			594	
	043992 C2-S1 99		2,161		1,489	
	043992 C2-S1 99C				1,861	
	043992 C2-S1 00		4,710		5,366	
Total Innovative Educational Program Strategies			6,871		9,310	

(Continued)

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2000  
(Continued)**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
<b>UNITED STATES DEPARTMENT OF EDUCATION (Continued)</b>						
Dwight D. Eisenhower Proficiency Development State Grant	043992 MS-S1 98C	84.281			1,425	
	043992 MS-S1 99				4,988	
	043992 MS-S1 99C				64	
	043992 MS-S1 00		13,734		6,843	
Total Dwight D. Eisenhower Proficiency			13,734		13,320	
Drug-Free Schools Grant	043992 DR-S1 98C	84.186	(463)		1,964	
	043992 DR-S1 99		15,672		22,958	
	043992 DR-S1 99C		7,242		12,769	
	043992 DR-S1 00		7,890		17,580	
Total Drug-Free Schools Grant			30,341		55,271	
Goals 2000	043992 G2-S1 98P	84.276	11,526		23,243	
	043992 G2-SP 99		84,245		51,199	
Total Goals 2000			95,771		74,442	
Class Size Reduction	043992 CR-S1 00	84.340	67,139		68,490	
Total Department of Education			1,140,090		1,274,025	
<b>UNITED STATES DEPARTMENT OF LABOR</b>						
<i>Passed Through Ohio Department of Education:</i>						
Employment Services and Job Training Pilot and Demonstration Programs (School to Work)	043992 WK-BE 99	17.249			2,121	
	043992 WK-BE 00		71,171		73,574	
Total Department of Labor			71,171		75,695	
<b>UNITED STATES DEPARTMENT OF HEALTH</b>						
<i>Passed Through Ohio Department of Education:</i>						
Medical Assistance Program (Medicaid)		93.778	56,844		56,844	
<b>Totals</b>			<b><u>\$1,621,823</u></b>	<b><u>\$85,179</u></b>	<b><u>\$1,760,282</u></b>	<b><u>\$85,179</u></b>

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

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

**NOTE C - MATCHING REQUIREMENTS**

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

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

Fostoria City School District  
Seneca County  
500 Parkway Drive  
Fostoria, Ohio 44830-1513

To the Board of Education:

We have audited the financial statements of Fostoria City School District, Seneca County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated January 22, 2001. 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 are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management for the District in a separate letter dated January 22, 2001.

### 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 management of the District in a separate letter dated January 22, 2001.

Fostoria City School District  
Seneca 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, the Board of Education, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

January 22, 2001



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

Fostoria City School District  
Seneca County  
500 Parkway Drive  
Fostoria, Ohio 44830-1513

To the Board of Education:

**Compliance**

We have audited the compliance of Fostoria City School District, Seneca 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 are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

**Internal Control Over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

January 22, 2001

**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	<b>No</b>
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	<b>No</b>
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	<b>Unqualified</b>
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	<b>No</b>
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<b>Title I – CFDA # 84.010</b>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	<b>Type A: &gt; \$ 300,000 Type B: all others</b>
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	<b>Yes</b>

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

None.

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

None.

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**FOSTORIA CITY SCHOOL DISTRICT  
SENECA COUNTY**

**CORRECTIVE ACTION PLAN  
JUNE 30, 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-10574-001	The finding for recovery issued was repaid.	Jan. 2000	Dolores Cramer
1999-10574-002	Management will review the certificate on a monthly basis and make necessary modifications.	Dec. 2000	Dolores Cramer







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**FOSTORIA CITY SCHOOL DISTRICT**

**SENECA 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 13, 2001**