



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

---

**STATE OF OHIO**





**Auditor of State  
Betty Montgomery**

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January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State



**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

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**STATE OF OHIO  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

New Bremen Local School District  
Auglaize County  
901 East Monroe Street  
New Bremen, Ohio 45869

To the Board of Education:

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

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

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

As described in Note 3, during the year ended June 30, 2001, the School District adopted Governmental Accounting Standards Board Statements 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2002 on our consideration of the School 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

December 13, 2002

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NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$3,031,127	\$29,107	\$209,061	\$166,090
Investments				
Receivables:				
Property Taxes	2,677,363		744,657	82,453
Accounts	70	196		
Intergovernmental	4,930	123		33,209
Accrued Interest				
Inventory Held for Resale				
Materials and Supplies Inventory	10,934			
Prepaid Items	54,863	728		
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	106,455			
Fixed Assets (net, where applicable, of accumulated depreciation)				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Long-Term Obligations				
Amount to be Provided from General Governmental Resources				
Total Assets and Other Debits	<u>5,885,742</u>	<u>30,154</u>	<u>953,718</u>	<u>281,752</u>
<b>Liabilities, Fund Equity, and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	284			19,368
Contracts Payable				32,409
Accrued Wages and Benefits	615,433	2,894		
Compensated Absences Payable	48,257			
Intergovernmental Payable	130,843			
Deferred Revenue	2,602,638		717,500	102,311
Undistributed Assets				
Due to Students				
General Obligation Bonds Payable				
Total Liabilities	<u>3,397,455</u>	<u>2,894</u>	<u>717,500</u>	<u>154,088</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved (Deficit)				
Contributed Capital				
Fund Balance:				
Reserved for Property Taxes	74,725		27,157	3,194
Reserved for Inventory	10,934			
Reserved for Textbooks	36,218			
Reserved for Bus Purchases	70,237			
Reserved for Encumbrances				43,635
Designated for Textbooks	20			
Unreserved, Undesignated	2,296,153	27,260	209,061	80,835
Total Fund Equity and Other Credits	<u>2,488,287</u>	<u>27,260</u>	<u>236,218</u>	<u>127,664</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$5,885,742</u>	<u>\$30,154</u>	<u>\$953,718</u>	<u>\$281,752</u>

See Accompanying Notes to the General Purpose Financial Statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$34,750	\$56,073 10,900			\$3,526,208 10,900
				3,504,473
1,739				2,005
				38,262
	55			55
4,266				4,266
275				11,209
3,025				58,616
				106,455
173,279		17,567,094		17,740,373
			236,218	236,218
			9,197,279	9,197,279
<u>217,334</u>	<u>67,028</u>	<u>17,567,094</u>	<u>9,433,497</u>	<u>34,436,319</u>
				19,652
				32,409
6,224				624,551
1,824			489,314	539,395
17,661			34,951	183,455
3,879	55			3,426,383
	4,666			4,666
	51,258			51,258
			8,909,232	8,909,232
<u>29,588</u>	<u>55,979</u>		<u>9,433,497</u>	<u>13,791,001</u>
		17,567,094		17,567,094
689				689
187,057				187,057
				105,076
				10,934
				36,218
				70,237
				43,635
				20
	11,049			2,624,358
<u>187,746</u>	<u>11,049</u>	<u>17,567,094</u>		<u>20,645,318</u>
<u>\$217,334</u>	<u>\$67,028</u>	<u>\$17,567,094</u>	<u>\$9,433,497</u>	<u>\$34,436,319</u>

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Property Taxes	\$2,635,387		\$740,550	\$82,561		\$3,458,498
Payment in Lieu of Taxes	23,258					23,258
Intergovernmental	2,894,917	151,167	70,890	74,144		3,191,118
Interest	220,866	2,625		5,181	610	229,282
Tuition and Fees	24,169					24,169
Extracurricular Activities		172,580				172,580
Gifts and Donations				6,842		6,842
Miscellaneous	30,987	42,466		1,060		74,513
Total Revenues	<u>5,829,584</u>	<u>368,838</u>	<u>811,440</u>	<u>169,788</u>	<u>610</u>	<u>7,180,260</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	3,006,985	38,159		1,076		3,046,220
Special	97,466	105,495				202,961
Vocational	270,238					270,238
Other	46,205					46,205
Support Services:						
Pupils	207,855	2,302		561		210,718
Instructional Staff	135,875					135,875
Board of Education	38,336	2,977				41,313
Administration	673,171	1,245				674,416
Fiscal	419,371	342	52,622	7,707		480,042
Operation and Maintenance of Plant	615,955			63,217		679,172
Pupil Transportation	97,244					97,244
Central	29,305					29,305
Non-Instructional Services		925			600	1,525
Extracurricular Activities	140,724	245,735				386,459
Capital Outlay				246,528		246,528
Debt Service:						
Principal Retirement			315,000			315,000
Interest and Fiscal Charges			434,704			434,704
Total Expenditures	<u>5,778,730</u>	<u>397,180</u>	<u>802,326</u>	<u>319,089</u>	<u>600</u>	<u>7,297,925</u>
Excess of Revenues Over (Under) Expenditures	<u>50,854</u>	<u>(28,342)</u>	<u>9,114</u>	<u>(149,301)</u>	<u>10</u>	<u>(117,665)</u>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	70					70
Operating Transfers In				50,965		50,965
Operating Transfers Out	(50,965)					(50,965)
Total Other Financing Sources (Uses)	<u>(50,895)</u>			<u>50,965</u>		<u>70</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(41)	(28,342)	9,114	(98,336)	10	(117,595)
Fund Balances at Beginning of Year	2,488,743	55,602	227,104	226,000	11,039	3,008,488
Decrease in Reserve for Inventory	(415)					(415)
Fund Balances at End of Year	<u>\$2,488,287</u>	<u>\$27,260</u>	<u>\$236,218</u>	<u>\$127,664</u>	<u>\$11,049</u>	<u>\$2,890,478</u>

See Accompanying Notes to the General Purpose Financial Statements.

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NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$2,435,351	\$2,621,601	\$186,250			
Payment in Lieu of Taxes	54,000	77,178	23,178			
Intergovernmental	2,533,649	2,899,672	366,023	167,499	152,167	(15,332)
Interest	200,000	220,866	20,866	1,290	2,625	1,335
Tuition and Fees	26,000	24,099	(1,901)			
Extracurricular Activities				163,150	172,735	9,585
Gifts and Donations						
Miscellaneous	6,000	30,739	24,739	45,168	42,466	(2,702)
Total Revenues	5,255,000	5,874,155	619,155	377,107	369,993	(7,114)
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	3,002,199	2,958,621	43,578	38,674	36,480	2,194
Special	107,488	105,235	2,253	105,495	105,495	
Vocational	250,240	247,535	2,705			
Other	46,304	45,648	656			
Support Services:						
Pupils	233,462	231,282	2,180	2,570	2,302	268
Instructional Staff	155,739	138,246	17,493			
Board of Education	40,350	37,440	2,910	7,530	2,952	4,578
Administration	709,356	695,154	14,202	1,300	1,245	55
Fiscal	138,365	137,628	737	342	342	
Operation and Maintenance of Plant	619,304	611,554	7,750			
Pupil Transportation	160,476	99,445	61,031			
Central	32,000	28,743	3,257			
Non-Instructional Services						
Extracurricular Activities	141,753	140,656	1,097	1,006	925	81
Capital Outlay						
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	5,637,036	5,477,187	159,849	414,933	395,476	19,457
Excess of Revenues Over (Under) Expenditures	(382,036)	396,968	779,004	(37,826)	(25,483)	12,343
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets		70	70			
Refund of Prior Year Expenditures		843	843			
Refund of Prior Year Receipts	(281,814)	(281,814)				
Other Financing Uses	(8,000)		8,000			
Operating Transfers In						
Operating Transfers Out	(51,553)	(50,965)	588			
Total Other Financing Sources (Uses)	(341,367)	(331,866)	9,501			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(723,403)	65,102	788,505	(37,826)	(25,483)	12,343
Fund Balances at Beginning of Year	3,067,960	3,067,960		54,470	54,470	
Prior Year Encumbrances Appropriated	4,520	4,520		120	120	
Fund Balances (Deficit) at End of Year	<u>\$2,349,077</u>	<u>\$3,137,582</u>	<u>\$788,505</u>	<u>\$16,764</u>	<u>\$29,107</u>	<u>\$12,343</u>

See Accompanying Notes to the General Purpose Financial Statements.

Debt Service Funds			Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$729,984	\$735,752	\$5,768	\$75,424	\$81,448	\$6,024			
68,890	70,890	2,000	90,976	63,987	(26,989)			
			5,000	5,181	181	800	665	(135)
			7,000	6,842	(158)			
			1,200	1,060	(140)			
<u>798,874</u>	<u>806,642</u>	<u>7,768</u>	<u>179,600</u>	<u>158,518</u>	<u>(21,082)</u>	<u>800</u>	<u>665</u>	<u>(135)</u>
			76,812	47,074	29,738			
			3,000	2,925	75			
			6,188	561	5,627			
10,550	10,481	69	1,150	1,130	20			
			232,533	188,465	44,068			
						800	600	200
			157,652	157,652				
315,000	315,000							
<u>435,750</u>	<u>434,704</u>	<u>1,046</u>						
<u>761,300</u>	<u>760,185</u>	<u>1,115</u>	<u>477,335</u>	<u>397,807</u>	<u>79,528</u>	<u>800</u>	<u>600</u>	<u>200</u>
37,574	46,457	8,883	(297,735)	(239,289)	58,446		65	65
(42,141)	(42,141)		(6,577)	(6,577)				
			45,609	50,965	5,356			
<u>(42,141)</u>	<u>(42,141)</u>		<u>39,032</u>	<u>44,388</u>	<u>5,356</u>			
(4,567)	4,316	8,883	(258,703)	(194,901)	63,802		65	65
204,745	204,745		234,021	234,021		10,984	10,984	
			26,485	26,485				
<u>\$200,178</u>	<u>\$209,061</u>	<u>\$8,883</u>	<u>\$1,803</u>	<u>\$65,605</u>	<u>\$63,802</u>	<u>\$10,984</u>	<u>\$11,049</u>	<u>\$65</u>

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND EQUITY  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**Operating Revenues:**

Sales	\$260,357
-------	-----------

**Operating Expenses:**

Salaries	85,707
Fringe Benefits	53,889
Purchased Services	11,919
Materials and Supplies	2,957
Cost of Sales	154,639
Depreciation	13,088

Total Operating Expenses	322,199
--------------------------	---------

Operating Loss	(61,842)
----------------	----------

**Non-Operating Revenues (Expenses):**

Federal Donated Commodities	19,117
Interest	739
Operating Grants	36,466
Capital Contributions from Governmental Funds	19,368
Loss on Disposal of Fixed Assets	(674)

Total Non-Operating Revenues (Expenses)	75,016
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Net Gain	13,174
----------	--------

Retained Earnings (Deficit) at Beginning of Year	(12,485)
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Retained Earnings (Deficit) at End of Year	689
--	-----

Contributed Capital at Beginning and End of Year	187,057
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Total Fund Equity at End of Year	\$187,746
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*See Accompanying Notes to the General Purpose Financial Statements*



**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
Sales	\$255,500	\$259,930	\$4,430
Interest		739	739
Operating Grants	<u>34,700</u>	<u>36,466</u>	<u>1,766</u>
Total Revenues	<u>290,200</u>	<u>297,135</u>	<u>6,935</u>
<b>Expenses:</b>			
Salaries	86,066	85,510	556
Fringe Benefits	53,555	51,073	2,482
Purchased Services	12,000	11,919	81
Materials and Supplies	143,900	138,797	5,103
Capital Outlay	<u>2,000</u>	<u>1,900</u>	<u>100</u>
Total Expenses	<u>297,521</u>	<u>289,199</u>	<u>8,322</u>
Excess of Revenues Over (Under) Expenses	(7,321)	7,936	15,257
Fund Balances at Beginning of Year	<u>26,814</u>	<u>26,814</u>	
Fund Balances at End of Year	<u>\$19,493</u>	<u>\$34,750</u>	<u>\$15,257</u>

*See Accompanying Notes to the General Purpose Financial Statements.*

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**Increase (Decrease) in Cash and Cash Equivalents:**

**Cash Flows from Operating Activities:**

Cash Received from Customers	\$259,930
Cash Payments for Salaries	(85,510)
Cash Payments for Fringe Benefits	(51,073)
Cash Payments for Goods and Services	(150,716)
Net Cash Used for Operating Activities	<u>(27,369)</u>

**Cash Flows from Noncapital Financing Activities:**

Cash Received from Operating Grants	<u>36,466</u>
-------------------------------------	---------------

**Cash Flows from Capital and Related Financing Activities:**

Cash Payments for Fixed Assets	<u>(1,900)</u>
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**Cash Flows from Investing Activities:**

Cash Received from Interest	<u>739</u>
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Net Increase in Cash and Cash Equivalents	7,936
Cash and Cash Equivalents at Beginning of Year	<u>26,814</u>
Cash and Cash Equivalents at End of Year	<u><u>34,750</u></u>

**Reconciliation of Operating Loss to Net Cash**

**Used for Operating Activities:**

Operating Loss	<u>(61,842)</u>
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**Adjustments to Reconcile Operating Loss to Net Cash**

**Used for Operating Activities:**

Depreciation	13,088
Donated Commodities Used During Year	19,117
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(427)
Increase in Inventory Held for Resale	(199)
Increase in Materials and Supplies Inventory	(119)
Increase in Prepaid Items	(410)
Increase in Accrued Wages and Benefits	933
Increase in Compensated Absences Payable	78
Increase in Intergovernmental Payable	2,412
Total Adjustments	<u>34,473</u>
Net Cash Used for Operating Activities	<u><u>(\$27,369)</u></u>

**Non-Cash Investing, Capital and Financing Activities:**

The Replacement capital projects fund contributed equipment to the Lunchroom enterprise fund with a fair value of \$19,368.

*See Accompanying Notes to the General Purpose Financial Statements.*

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

New Bremen Local 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 1876 through the consolidation of existing land areas and school districts. The School District serves an area of approximately twenty-three square miles. It is located in Auglaize, Mercer, and Shelby Counties, and includes all of the Village of New Bremen and portions surrounding townships. It is staffed by thirty-three classified employees, sixty-four certified teaching personnel, and four administrative employees who provide services to nine hundred seventy-two students and other community members. The School District currently operates two instructional buildings.

**A. Reporting Entity:**

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the 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 participates in three jointly governed organizations and two insurance pools. These organizations are the West Central Ohio Regional Professional Development Center, West Central Ohio Special Education Regional Resource Center, Western Ohio Computer Organization, Mercer-Auglaize Schools Employee Benefits Trust, and the Ohio School Board Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**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 of governmental, proprietary, and fiduciary.

**1. Governmental Fund Types:**

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

**General Fund**

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

**Special Revenue Funds**

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

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Debt Service Funds**

Debt service funds are 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** - 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 Type:**

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

**Enterprise Funds**

Enterprise funds are used to account for 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 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.

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

**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, except 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.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

All enterprise 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 contributed capital and retained earnings components. Enterprise fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary fund types.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, interest, tuition, and student fees.

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are 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 enterprise funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

**C. Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the function level within the General Fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object level in the General fund and the fund level within all other funds are made by the School District treasurer.

**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 Auglaize County Budget Commission for rate determination.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 fiscal 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 of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources 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 of estimated resources issued during fiscal year 2001.

**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 is legally enacted by the Board of Education at the function level of expenditures in the General Fund and at the fund level for all other funds, 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.

The Board may pass supplemental fund appropriations as 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 appropriation resolutions were legally enacted.

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

**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. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and expendable trust funds and reported in the notes to the financial statements for the enterprise funds.



**NEW BREMEN LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Investments**

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

During fiscal year 2001, investments were limited to non-negotiable certificates of deposit and STAR Ohio. Non-negotiable certificates of deposit are reported at cost. 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, 2001.

The School District allocates interest according to State statutes and Board resolution. Interest revenue credited to the General Fund during fiscal year 2001 was \$220,866, which included approximately \$19,454 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

**E. Inventory**

Inventory in the governmental funds is stated at cost while inventory in the enterprise funds is 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 costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Inventory in the enterprise funds consists of donated food, purchased food, and school supplies held for resale and is expensed when used.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute to be set aside for the purchase of textbooks and other instructional materials. Restricted asset also include unexpended revenues restricted for the purchase of school buses.

**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 enterprise funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District recorded water and sewer lines at the high school as 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 enterprise 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 over five to twenty years.

**I. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. 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. The School District records a liability for accumulated unused sick leave for all certified and classified staff that are eligible to retire within the next five years.

For governmental funds, 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 the enterprise funds, the entire amount of compensated absences is reported as a fund liability.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Bonds are reported as liabilities in the general long-term obligations account group until due.

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

**K. Contributed Capital**

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

**L. Fund Balance Reserves and Designations**

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 property taxes, inventory, textbooks, bus purchases, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The designation for textbooks represents revenues set aside that exceed statutorily required amounts.

**M. Interfund Transactions**

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

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

**NEW BREMEN LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Use of 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 may differ from those estimates.

**O. Total Columns on General Purpose Financial Statements**

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

**3. CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. For the School District, the implementation of these statements had no effect on fund balances/retained earnings as previously reported for the fiscal year ended June 30, 2000.

**4. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

The Food Service enterprise fund had deficit retained earnings at June 30, 2001, in the amount of \$24,387, as a result of accumulated operating losses from prior years.

**B. Compliance**

The Trips, Athletic and Music and SchoolNet Professional Development special revenue funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2001, in the amount of \$849, \$22,948, and \$3,000, respectively.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**5. BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds and as note disclosure in the enterprise funds (GAAP basis).
4. For enterprise funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (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 Fund Types and Expendable Trust Fund**

	<b>Governmental Fund Types</b>				
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Expendable Trust</b>
GAAP Basis	(\$41)	(\$28,342)	\$9,114	(\$98,336)	\$10
Revenue Accruals	45,414	1,155	(4,798)	(11,270)	55
Expenditure Accruals	24,518	2,432	0	15,190	0
Prepaid Items	(4,789)	(728)	0	0	0
Encumbrances Outstanding at Fiscal Year End	0	0	0	(100,485)	0
Budget Basis	\$65,102	(\$25,483)	\$4,316	(\$194,901)	\$65

**NEW BREMEN LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**5. BUDGETARY BASIS OF ACCOUNTING (Continued)**

<b>Net Loss /Excess of Revenues Over Expenses Enterprise Funds</b>	
GAAP Basis	\$13,174
Revenue Accruals	(427)
Expense Accruals	3,423
Inventory Held for Resale	(199)
Materials and Supplies Inventory	(119)
Prepaid Items	(410)
Capital Contribution from Governmental Funds	(19,368)
Acquisition of Fixed Assets	(1,900)
Depreciation Expense	13,088
Loss on Disposal of Fixed Assets	674
Budget Basis	\$7,936

**6. 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 withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

**NEW BREMEN LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
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(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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

At fiscal year end, the School District had \$190 in undeposited cash on hand which is included on the combined 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 No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

**NEW BREMEN LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

At fiscal year end, the carrying amount of the School District's deposits was \$278,752 and the bank balance was \$382,453. Of the bank balance, \$100,000 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized 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 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 for which the securities 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. The School District's investment in STAR Ohio is unclassified since it is not evidenced by securities that exist in physical or book entry form. At June 30, 2001, the fair value of funds on deposit with STAR Ohio was \$3,364,621.

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents/ Deposits</b>	<b>Investments</b>
GASB Statement No. 9	\$3,632,663	\$10,900
Cash on Hand	(190)	0
Investments:		
Certificate of Deposit	10,900	(10,900)
STAR Ohio	(3,364,621)	3,364,621
GASB Statement No. 3	\$278,752	\$3,364,621

**7. PROPERTY TAXES**

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



**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**7. PROPERTY TAXES (Continued)**

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2001 represent the collection of calendar year 2000 taxes. Real property taxes received in calendar year 2001 are levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes received in calendar year 2001 were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2001 (other than public utility property) represent the collection of calendar year 2001 taxes. Tangible personal property taxes received in calendar year 2001 were levied after April 1, 2000, on the value as of December 31, 2000. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Auglaize, Mercer, and Shelby Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2001, are available to finance fiscal year 2001 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, public utility property, and tangible personal property taxes which were measurable as of June 30, 2001, and for which there is an enforceable legal claim. 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 and is recognized as revenue at fiscal year end. The receivable is 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, 2001, was \$74,725 in the General Fund, \$3,075 in the debt service fund, \$24,082 in the New High School debt service fund, and \$3,194 in the Replacement capital projects fund. The amount available as an advance at June 30, 2000, was \$60,939 in the General Fund, \$2,524 in the debt service fund, \$19,835 in the New High School debt service fund, and \$2,081 in the Replacement capital projects fund.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**7. PROPERTY TAXES (Continued)**

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

	<b>2000 Second- Half Collections</b>		<b>2001 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$64,174,930	70.42%	\$65,869,510	67.24%
Public Utility	3,692,700	4.05	3,528,520	3.61
Tangible Personal	23,261,790	25.53	28,556,980	29.15
<b>Total Assessed Value</b>	<b>\$91,129,420</b>	<b>100.00%</b>	<b>\$97,955,010</b>	<b>100.00%</b>
 Tax rate per \$1,000 of assessed valuation	 \$54.16		 \$54.16	

**8. PAYMENT IN LIEU OF TAXES**

As provided by State law, the School District has entered into agreements with a number of property owners under which the School District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the School District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promises to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2001 were to \$23,258.

**9. RECEIVABLES**

Receivables at June 30, 2001, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, the current year guarantee of federal funds, and the School District's policy on collecting student fees. Accounts receivable at June 30, 2001, were \$2,005.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**9. RECEIVABLES (Continued)**

A summary of the principal items of intergovernmental receivables follows:

	<b>Amounts</b>
General Fund	
Tuition	\$296
Vocational Travel Reimbursement	1,134
Rent	3,500
Total General Fund	4,930
Special Revenue Fund	
Athletic and Music	123
Capital Projects Funds	
Vocational Equipment	1,709
Interactive Video Distance Learning	31,500
Total Capital Projects Funds	33,209
Total Intergovernmental Receivables	\$38,262

**10. FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$223,263
Less Accumulated Depreciation	(49,984)
Net Fixed Assets	\$173,279

A summary of the changes in general fixed assets during fiscal year 2001 follows:

<b>Asset Category</b>	<b>Balance at 6/30/2000</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance at 6/30/2001</b>
Land and Improvements	\$1,422,258	\$32,020	\$0	\$1,454,278
Buildings and Improvements	12,519,323	385,692	9,811	12,895,204
Improvements Other Than Buildings	50,695	541,979	0	592,674
Furniture, Fixtures, and Equipment	1,997,239	157,107	27,195	2,127,151
Vehicles	403,488	0	0	403,488
Infrastructure	94,299	0	0	94,299
Total General Fixed Assets	\$16,487,302	\$1,116,798	\$37,006	\$17,567,094

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**11. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted for the following insurance coverage:

Coverage provided by Cincinnati Insurance Company is as follows:

Building and Contents - Replacement Cost (\$1,000 deductible)	\$25,171,765
Inland Marine (\$100 deductible)	328,824
Boiler and Machinery - Limit per Accident (\$250 deductible)	10,000,000
Crime Insurance	2,000

Coverage provided by Nationwide Insurance Company is as follows:

Automobile Liability (\$1,000 deductible)	2,000,000
General Liability	
Per Occurrence	1,000,000
Per Year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in coverage from the prior fiscal year.

The School District participates in the Mercer-Auglaize Employee Benefit Trust (the Trust), a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The School District pays monthly premiums to the Trust for employee medical and dental insurance coverage. The Trust is responsible for the management and operations of the program. Upon withdrawal from the

Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

For fiscal year 2001, the School District participated in the Ohio School Board Association Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan 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 Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

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 Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Gates McDonald and Company provides administrative, cost control, and actuarial services to the program.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**12. DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$291,346, \$172,011, and \$161,394, respectively; 83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$49,069, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$24,390, \$26,843, and \$29,381, respectively; 39 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$14,792, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2001, two of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**13. POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$138,006.

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

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

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$73,304 for fiscal year 2001.

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

**14. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**14. OTHER EMPLOYEE BENEFITS (Continued)**

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred seventeen days for all employees. Upon retirement, payment is made for twenty-five and three tenths (25.3%) of accrued, but unused sick leave credit to a maximum of fifty-five days for all employees.

**B. Insurance Benefits**

The School District provides employee medical and dental insurance through the Mercer-Auglaize Schools Employee Benefit Trust. The School District provides life insurance to most employees through CoreSource Insurance Agency.

**15. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	<u>Balance at 6/30/2000</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/2001</u>
<u>General Long-Term Obligations</u>				
1991 6.55% Elementary Addition	\$700,000	\$0	\$50,000	\$650,000
1997 5.43% High School Building	8,465,093	59,139	265,000	8,259,232
Total Long-Term Obligations	<u>9,165,093</u>	<u>59,139</u>	<u>315,000</u>	<u>8,909,232</u>
Compensated Absences Payable	517,672	0	28,358	489,314
Intergovernmental Payable	27,702	34,951	27,702	34,951
Total General Long-Term Obligations	<u><u>\$9,710,467</u></u>	<u><u>\$94,090</u></u>	<u><u>\$371,060</u></u>	<u><u>\$9,433,497</u></u>

**Elementary Addition General Obligation Bonds** - On December 1, 1991, the School District issued \$1,100,000 in voted general obligation bonds for constructing, improving, and equipping the elementary school building. The bonds were issued for a twenty-two year period, with final maturity at December 1, 2013. The bonds are being retired from the debt service fund, with the proceeds of a 1.98 mill voted property tax levy.

**High School Building General Obligation Bonds** - On March 1, 1997, the School District issued \$8,998,864 in voted general obligation bonds for constructing and equipping a new high school building and repairing the elementary school building. The bond issue includes term, serial, and capital appreciation serial bonds, in the amount of \$4,250,000, \$4,165,000, and \$583,864, respectively. The bonds were issued for a twenty-one year period, with final maturity during fiscal year 2018. The bonds are being retired from the New High School debt service fund, with the proceeds of a 8.86 mill voted property tax levy.

The term bonds maturing on December 1, 2018, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1 in each of the years 2012 through 2017 (with the balance of \$470,000 to be paid at stated maturity on December 1, 2018) at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, according to the following schedule:

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**15. LONG-TERM OBLIGATIONS (Continued)**

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2012	\$550,000	2015	\$645,000
2013	580,000	2016	680,000
2014	610,000	2017	715,000

The serial bonds maturing after December 1, 2007, are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any interest payment date on or after December 1, 2007, at redemption prices equal to the following percentages of the principal amount redeemed plus accrued interest to the date fixed for redemption.

<u>Redemption Dates (Dates Inclusive)</u>	<u>Redemptio Prices</u>
December 1, 2007 through November 30, 2008	101%
December 1, 2008 and thereafter	100

The capital appreciation bonds will mature in fiscal years 2009, 2010, and 2011. The maturity amount of each bond is \$550,000. For fiscal year 2001, \$59,139 was accreted for a total bond value of \$809,232.

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

The School District's overall debt margin was \$142,937 with an unvoted debt margin of \$97,955 at June 30, 2001.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2001, were as follows:

<u>Fiscal year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$350,000	\$419,198	\$769,198
2003	360,000	402,347	762,347
2004	400,000	384,048	784,048
2005	430,000	363,982	793,982
2006	465,000	342,215	807,215
2007-2011	2,647,958	1,516,557	4,164,515
2012-2016	2,715,906	1,298,894	4,014,800
2017-2018	1,865,000	142,313	2,007,313
Total	\$9,233,864	\$4,869,554	\$14,103,418



**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**16. SET ASIDE REQUIREMENTS**

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. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Balance June 30, 2000	(\$7,261)	\$(7,428,586)	\$67,241
Current Year Set Aside Requirement	126,298	126,298	0
Worker's Compensation Refund	0	0	843
Legislative Reduction	0	0	(68,084)
Current Year Offsets	0	(71,346)	0
Qualifying Expenditures	(82,819)	(8,985)	0
Amount Carried Forward to Fiscal Year 2002	<u>\$36,218</u>	<u>(\$7,382,619)</u>	<u>\$0</u>
Set Aside Reserve Balance June 30, 2001	<u>\$36,218</u>	<u>\$0</u>	<u>\$0</u>

For capital improvements, the extra amount, which was a result of capital expenditures from bond proceeds, can be used to reduce the set-aside requirements of future years.

**17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2001.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)**

	<b>Food Service</b>	<b>Uniform School Supplies</b>	<b>Total Enterprise Funds</b>
Operating Revenues	\$215,546	\$44,811	\$260,357
Depreciation Expense	13,088	0	13,088
Operating Income (Loss)	(66,114)	4,272	(61,842)
Federal Donated Commodities	19,117	0	19,117
Operating Grants	36,466	0	36,466
Net Income (Loss)	8,902	4,272	13,174
Fixed Assets:			
Additions	21,268	0	21,268
Reductions	870	0	870
Net Working Capital	(8,785)	25,076	16,291
Total Assets	192,258	25,076	217,334
Total Equity	162,670	25,076	187,746

**18. JOINTLY GOVERNED ORGANIZATIONS**

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

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

**West Central Ohio Special Education Regional Resource Center** - The West Central Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-two member board consisting of the superintendent from the fifty participating school districts, one representative from a non-public school, and one representative from Wright State University. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be from Krista Hart, Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**18. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**Western Ohio Computer Organization** - The School District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, and Shelby Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of WOCO consist of two representatives from each county elected by majority vote of all charter member school districts within each county plus a representative from the fiscal agent school district. Financial information can be obtained from Larry Wilberding, who serves as Director, 129 East Court Street, Sidney, Ohio 45365.

**19. INSURANCE POOLS**

**The Mercer-Auglaize Schools Employee Benefits Trust** - The Mercer-Auglaize Employee Benefit Trust (the Trust) is a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Sky Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Jim Mauntler; JM Consulting, 3547 Beechway Boulevard, Toledo, Ohio 43614.

**Ohio School Board Association Workers' Compensation Group Rating Plan** - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The Plan'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 Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

**20. CONTINGENCIES**

**A. 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, 2001.

**NEW BREMEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**20. CONTINGENCIES (Continued)**

**B. Litigation**

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial position of the School District.

**21. STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

New Bremen Local School District  
Auglaize County  
901 East Monroe Street  
New Bremen, Ohio 45869

To the Board of Education:

We have audited the financial statements of New Bremen Local School District (the School District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 13, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School 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 of the School District in a separate letter dated December 13, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered School 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 School District in a separate letter dated December 13, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

December 13, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**NEW BREMEN LOCAL SCHOOL DISTRICT**

**AUGLAIZE 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 4, 2003**