



**INDIAN LAKE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Indian Lake Local School District
Logan County
6210 State Route 235 North
Lewistown, Ohio 43333

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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

JIM PETRO
Auditor of State

February 24, 2000

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**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

Account Description	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$662,236	\$415,278	\$426,522	\$409,269
Investments:				
Cash with Fiscal Agent	0	0	0	24,068
Receivables:				
Taxes	6,350,499	0	1,121,348	0
Accounts	10,325	695	0	0
Intergovernmental	0	0	0	0
Interfund Receivable	23,657	0	0	0
Materials and Supplies Inventory	22,481	0	0	0
Prepaid Items	23,651	700	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	163,793	0	0	0
Advances to Other Funds	0	0	0	350,000
Fixed Assets:				
Fixed Assets	0	0	0	0
Accumulated Depreciation:				
Accumulated Depreciation	0	0	0	0
Other Debits:				
Amount Available in Debt Service	0	0	0	0
Amount to be Provided for	0	0	0	0
Retirement of General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	<u>\$7,256,642</u>	<u>\$416,673</u>	<u>\$1,547,870</u>	<u>\$783,337</u>
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$21,665	\$2,217	\$0	\$100,671
Accrued Wages and Benefits	1,162,158	41,113	0	0
Compensated Absences Payable	30,666	0	0	0
Retainage Payable	0	0	0	24,068
Interfund Payable	0	0	0	0
Intergovernmental Payable	154,619	4,754	0	0
Deferred Revenue	6,018,157	0	1,015,251	0
Advances from Other Funds	350,000	0	0	0
Due to Students	0	0	0	0
Notes Payable	0	0	0	0
Capital Leases Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>7,737,265</u>	<u>48,084</u>	<u>1,015,251</u>	<u>124,739</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved:				
Reserved for Encumbrances	330	14,786	0	32,844
Reserved for Inventory	22,481	0	0	0
Reserved for Prepaid Items	23,651	700	0	0
Reserve for Advances	0	0	0	350,000
Reserved for Property Taxes	332,342	0	106,097	0
Reserved for Required Set Asides	163,793	0	0	0
Unreserved:	0	0	0	0
Unreserved, Undesignated	(1,023,220)	353,103	426,522	275,754
Total Fund Equity and Other Credits	<u>(480,623)</u>	<u>368,589</u>	<u>532,619</u>	<u>658,598</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$7,256,642</u>	<u>\$416,673</u>	<u>\$1,547,870</u>	<u>\$783,337</u>

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

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$5,722	\$ 7,072	\$106,367	\$0	\$0	\$2,032,466
0	0	0	0	0	24,068
0	0	0	0	0	7,471,847
6,424	0	48	0	0	17,492
26,349	0	0	0	0	26,349
0	0	0	0	0	23,657
18,004	0	0	0	0	40,485
0	0	0	0	0	24,351
0	0	0	0	0	163,793
0	0	0	0	0	350,000
158,936	0	0	23,760,123	0	23,919,059
(92,387)	0	0	0	0	(92,387)
0	0	0	0	532,619	532,619
0	0	0	0	0	0
0	0	0	0	17,392,600	17,392,600
<u>\$123,048</u>	<u>\$7,072</u>	<u>\$106,415</u>	<u>\$23,760,123</u>	<u>\$17,925,219</u>	<u>\$51,926,399</u>
\$0	\$0	\$0	\$0	\$0	\$124,553
32,576	0	0	0	0	1,235,847
21,921	0	0	0	753,779	806,366
0	0	0	0	0	24,068
23,657	0	0	0	0	23,657
16,583	0	0	0	103,986	279,942
8,914	0	0	0	0	7,042,322
0	0	0	0	0	350,000
0	0	82,844	0	0	82,844
0	0	0	0	115,000	115,000
0	0	0	0	12,964	12,964
0	0	0	0	16,939,490	16,939,490
<u>103,651</u>	<u>0</u>	<u>82,844</u>	<u>0</u>	<u>17,925,219</u>	<u>27,037,053</u>
0	0	0	23,760,123	0	23,760,123
19,397	7072	0	0	0	26,469
0	0	0	0	0	47,960
0	0	0	0	0	22,481
0	0	0	0	0	24,351
0	0	0	0	0	350,000
0	0	0	0	0	438,439
0	0	0	0	0	163,793
0	0	0	0	0	0
0	0	23,571	0	0	55,730
<u>19,397</u>	<u>7,072</u>	<u>23,571</u>	<u>23,760,123</u>	<u>0</u>	<u>24,889,346</u>
<u>\$123,048</u>	<u>\$7,072</u>	<u>\$106,415</u>	<u>23,760,123</u>	<u>\$17,925,219</u>	<u>\$51,926,399</u>

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

	Governmental Fund Types			Capital Projects	Fiduciary Fund Type	Totals Memorandum Only
	General	Special Revenue	Debt Service		Expendable Trust	
Revenues:						
Intergovernmental	\$4,934,325	\$731,715	\$122,593	\$0	\$0	\$5,788,633
Interest	81,842	0	0	33,440	1,122	116,404
Tuition and Fees	31,285	9,608	0	0	0	40,893
Rent	1,773	0	0	0	0	1,773
Extracurricular Activities	0	161,445	0	0	0	161,445
Gifts and Donations	34,031	1,215	0	0	3,012	38,258
Customer Services	5,118	0	0	0	0	5,118
Property & Other Local Taxes	5,179,590	0	1,325,187	0	0	6,504,777
Miscellaneous	21,725	14,384	0	0	869	36,978
Total Revenues	10,289,689	918,367	1,447,780	33,440	5,003	12,694,279
Expenditures:						
Current:						
Instruction:						
Regular	4,503,303	83,004	0	181,364	0	4,767,671
Special	1,061,063	264,543	0	0	0	1,325,606
Vocational	289,816	0	0	0	0	289,816
Adult/Continuing	0	651	0	0	0	651
Other	25,417	0	0	0	0	25,417
Support Services:						
Pupils	310,690	14,792	0	34,856	0	360,338
Instructional Staff	428,739	73,091	0	5,445	0	507,275
Board of Education	17,515	0	0	0	0	17,515
Administration	938,507	3,544	0	0	0	942,051
Fiscal	236,594	0	24,159	0	0	260,753
Operation and Maintenance of Plant	766,478	3,868	0	24,364	0	794,710
Pupil Transportation	603,578	1,275	0	0	0	604,853
Central	85,953	1,641	0	316	0	87,910
Non-Instructional Services	0	5,527	0	0	364	5,891
Extracurricular activities	242,966	160,189	0	0	2,500	405,655
Capital Outlay	26,101	7,300	0	1,042,669	0	1,076,070
Debt Service:						
Debt Service - Principal	0	0	576,869	0	0	576,869
Debt Service - Interest	0	0	813,544	0	0	813,544
Total Expenditures	9,536,720	619,425	1,414,572	1,289,014	2,864	12,862,595
Excess of Revenues Over (Under) Expenditures	752,969	298,942	33,208	(1,255,574)	2,139	(168,316)
Other Financing Sources and (Uses)						
Operating Transfers In	0	0	64,867	0	0	64,867
Proceeds from Sale of Fixed Assets	6,000	0	0	0	0	6,000
Other Financing Sources	0	0	13	0	0	13
Operating Transfers Out	(137,667)	0	0	0	0	(137,667)
Total Other Financing Sources (Uses)	(131,667)	0	64,880	0	0	(66,787)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	621,302	298,942	98,088	(1,255,574)	2,139	(235,103)
Fund Balance at Beginning of Year	(1,101,925)	69,647	434,531	1,914,172	21,432	1,337,857
Fund Balance at End of Year	\$ (480,623)	\$ 368,589	\$ 532,619	\$ 658,598	\$ 23,571	\$ 1,102,754

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

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

	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$5,081,931	\$4,973,965	(\$107,966)	\$799,978	\$731,715	(\$68,263)
Interest	46,900	82,390	35,490	0	0	0
Tuition and Fees	31,200	31,285	85	9,826	9,608	(218)
Rent	5,000	1,773	(3,227)	0	0	0
Extracurricular Activities	0	0	0	198,779	160,860	(37,919)
Gifts and Donations	34,500	34,031	(469)	1,215	1,215	0
Customer Services	5,500	5,118	(382)	0	0	0
Property & Other Local Taxes	4,911,579	5,193,857	282,278	0	0	0
Miscellaneous	83,386	8,072	(75,314)	16,442	14,274	(2,168)
Total Revenues	10,199,996	10,330,491	130,495	1,026,240	917,672	(108,568)
Expenditures:						
Current:						
Instruction:						
Regular	4,746,488	4,516,306	230,182	121,033	95,190	25,843
Special	1,135,387	1,071,948	63,439	331,222	267,276	63,946
Vocational	304,932	280,506	24,426	0	0	0
Adult/Continuing	0	0	0	651	651	0
Other	36,000	26,223	9,777	0	0	0
Support Services:						
Pupils	339,210	309,389	29,821	14,792	14,792	0
Instructional Staff	454,839	430,358	24,481	159,645	79,587	80,058
Board of Education	32,940	17,515	15,425	0	0	0
Administration	955,429	908,018	47,411	6,191	3,544	2,647
Fiscal	271,953	231,228	40,725	0	0	0
Operation and Maintenance of Plant	837,459	771,753	65,706	6,039	3,868	2,171
Pupil Transportation	828,341	631,739	196,602	3,530	1,275	2,255
Central	105,830	85,946	19,884	156,331	2,141	154,190
Non-Instructional Services	0	0	0	10,516	5,527	4,989
Extracurricular activities	252,680	235,666	17,014	245,122	157,972	87,150
Capital Outlay	26,101	26,101	0	7,300	7,300	0
Debt Service:						
Debt Service - Principal	0	0	0	0	0	0
Debt Service - Interest	0	0	0	0	0	0
Total Expenditures	10,327,589	9,542,696	784,893	1,062,372	639,123	423,249
Excess of Revenues Over (Under) Expenditures	(127,593)	787,795	915,388	(36,132)	278,549	314,681
Other Financing Sources and Uses						
Operating Transfers In	0	0	0	17,126	17,126	0
Proceeds from Sale of Long-Term Notes	314,000	0	(314,000)	0	0	0
Proceeds from Sale of Fixed Assets	0	6,000	6,000	0	0	0
Refund of Prior Year Expenditures	6,808	66,780	59,972	0	0	0
Other Financing Sources	0	0	0	0	0	0
Operating Transfers Out	(137,667)	(137,667)	0	(17,126)	(17,126)	0
Advances Out	(25,000)	0	25,000	0	0	0
Other Financing Uses	0	0	0	0	0	0
Total Other Financing Sources (Uses)	158,141	(64,887)	(223,028)	0	0	0
Excess of Rev and Other over Exp and Other...	30,548	722,908	692,360	(36,132)	278,549	314,681
Fund Balances at Beginning of Year	44,961	44,961	0	121,943	121,943	0
Prior Year Encumbrances Appropriated	57,830	57,830	0	0	0	0
Fund Balance at end of Year	\$133,339	\$825,699	\$692,360	\$85,811	\$400,492	\$314,681

The notes to the financial statements are an integral part of this statement.

Debt Service			Capital Projects			Expendable Trust		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$122,593	\$122,593	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	44,545	43,145	(1,400)	788	1,122	334
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	5,100	3,012	(2,088)
0	0	0	0	0	0	0	0	0
1,306,278	1,306,278	0	0	0	0	0	0	0
0	0	0	0	0	0	1,200	869	(331)
<u>1,428,871</u>	<u>1,428,871</u>	<u>0</u>	<u>44,545</u>	<u>43,145</u>	<u>(1,400)</u>	<u>7,088</u>	<u>5,003</u>	<u>(2,085)</u>
0	0	0	236,788	181,110	55,678	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	203,651	139,173	64,478	0	0	0
0	0	0	5,477	5,445	32	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
32,131	24,158	7,973	0	0	0	0	0	0
0	0	0	25,069	24,904	165	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	316	316	0	0	0	0
0	0	0	0	0	0	3,126	364	2,762
0	0	0	0	0	0	25,306	2,500	22,806
0	0	0	1,261,322	1,156,423	104,899	0	0	0
576,869	576,869	0	0	0	0	0	0	0
<u>1,127,887</u>	<u>813,545</u>	<u>314,342</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>1,736,887</u>	<u>1,414,572</u>	<u>322,315</u>	<u>1,732,623</u>	<u>1,507,371</u>	<u>225,252</u>	<u>28,432</u>	<u>2,864</u>	<u>25,568</u>
<u>(308,016)</u>	<u>14,299</u>	<u>322,315</u>	<u>(1,688,078)</u>	<u>(1,464,226)</u>	<u>223,852</u>	<u>(21,344)</u>	<u>2,139</u>	<u>23,483</u>
64,867	64,867	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
13	13	0	0	0	0	0	0	0
0	0	0	(23,410)	0	23,410	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	(26,230)	0	26,230	0	0	0
<u>64,880</u>	<u>64,880</u>	<u>0</u>	<u>(49,640)</u>	<u>0</u>	<u>49,640</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(243,136)</u>	<u>79,179</u>	<u>322,315</u>	<u>(1,737,718)</u>	<u>(1,464,226)</u>	<u>273,492</u>	<u>(21,344)</u>	<u>2,139</u>	<u>23,483</u>
347,343	347,343	0	353,677	353,677	0	21,432	21,432	0
0	0	0	1,411,042	1,411,042	0	0	0	0
<u>\$104,207</u>	<u>\$426,522</u>	<u>\$322,315</u>	<u>\$27,001</u>	<u>\$300,493</u>	<u>\$273,492</u>	<u>\$88</u>	<u>\$23,571</u>	<u>\$23,483</u>

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

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
Operating Revenues:			
Sales	\$438,888	\$0	\$438,888
Charges for Services	0	\$235,670	\$235,670
Other Revenues	395	0	395
Total Operating Revenues	<u>439,283</u>	<u>235,670</u>	<u>674,953</u>
Operating Expenses:			
Salaries	152,127	0	152,127
Fringe Benefits	118,241	130,115	248,356
Purchased Services	7,049	17,091	24,140
Materials and Supplies	308,881	0	308,881
Depreciation	345	0	345
Other	0	23,957	23,957
Capital Outlay	183	0	183
Total Operating Expenses	<u>586,826</u>	<u>171,163</u>	<u>757,989</u>
Operating (Loss)	<u>(147,543)</u>	<u>64,507</u>	<u>(83,036)</u>
Non-Operating Revenues:			
Federal Donated Commodities	32,206	0	32,206
Interest	168	0	168
Federal and State Subsidies	168,114	0	168,114
Total Non-Operating Revenues	<u>200,488</u>	<u>0</u>	<u>200,488</u>
Net Income (Loss) Before Operating Transfers	<u>52,945</u>	<u>64,507</u>	<u>117,452</u>
Operating Transfers-In	2,800	70,000	72,800
Net Income (Loss)	<u>55,745</u>	<u>134,507</u>	<u>190,252</u>
Retained Earnings at Beginning of Year	<u>(36,348)</u>	<u>(127,435)</u>	<u>(163,783)</u>
Retained Earnings at End of Year	<u>\$19,397</u>	<u>\$7,072</u>	<u>\$26,469</u>

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

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Types		Totals Memorandum Only
	Enterprise	Internal Service	
Increase/(Decrease) in Cash & Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$437,315	\$0	\$437,315
Cash Received from Charges for Services	0	\$235,670	\$235,670
Other Cash Receipts	394	0	394
Cash Payments to Suppliers for Goods & Service	(281,947)	0	(281,947)
Cash Payments for Contract Services	(8,512)	(17,091)	(25,603)
Cash Payments for Employee Services	(212,134)	0	(212,134)
Cash Payments for Employee Benefits	(93,198)	(338,595)	(431,793)
Other Cash Payments	(183)	(23,957)	(24,140)
Net Cash Provided by (Used for) Operating Activities	<u>(158,265)</u>	<u>(143,973)</u>	<u>(302,238)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	161,019	0	161,019
Operating Transfers In	2,800	70,000	72,800
Net Cash Provided by Noncapital Financing Activities	<u>163,819</u>	<u>70,000</u>	<u>233,819</u>
Cash Flows from Investing Activities:			
Interest on Investments	168	0	168
Net Cash Provided by (Used for) Investing Activities	<u>168</u>	<u>0</u>	<u>168</u>
Net Increase (Decrease) in Cash and Cash Equivalents	5,722	(73,973)	(68,251)
Cash & Cash Equivalents at Beginning of Year	0	81,045	81,045
Cash & Cash Equivalents at End of Year	<u>\$5,722</u>	<u>\$7,072</u>	<u>\$12,794</u>
Reconciliation of Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating (Loss)	(\$147,543)	\$64,507	(\$83,036)
Adjustments to Reconcile Operating (loss) To Net Cash Provided by (Used for) Operating Activities:			
Depreciation	345	0	345
Donated Commodities Used During the Year	32,206	0	32,206
Non-Cash Transactions	(1,464)	0	(1,464)
(Increase) Decrease in Assets:			
Accounts Receivable	24,776	0	24,776
Intergovernmental	(26,349)	0	(26,349)
Material and Supplies Inventory	(5,058)	0	(5,058)
Increase (Decrease) in Liabilities:			
Compensated Absences Payable	(2,470)	0	(2,470)
Claims Payable	0	(208,480)	(208,480)
Intergovernmental Payable	(16,116)	0	(16,116)
Deferred Revenue	(214)	0	(214)
Accounts Payable	0	0	0
Accrued Wages and Benefits	(16,378)	0	(16,378)
Total Adjustments	<u>(10,722)</u>	<u>(208,480)</u>	<u>(219,202)</u>
Net Cash Provided by (Used for) Operating Activities	<u><u>(\$158,265)</u></u>	<u><u>(\$143,973)</u></u>	<u><u>(\$302,238)</u></u>

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

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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Indian Lake 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 1962 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 110 square miles. It is located in Logan County, and includes all of the Village of Russells Point, Village of Lakeview, and Village of Huntsville. The School District is the 260th largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by 74 non-certificated employees, 128 certificated full-time teaching personnel and 12 administrative employees who provide services to 2,167 students and other community members. The School District currently operates two elementary school buildings one middle school building and one comprehensive high school building, which includes the administrative offices, and one bus garage.

Reporting Entity:

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Indian Lake 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 is associated with two jointly governed organizations (Western Ohio Computer Organization and Ohio Hi-Point Joint Vocational School), one related organization (Logan County District Library), and two insurance purchasing pools (Ohio School Boards Association Worker's Compensation Group Rating Plan, Logan County Schools Benefit Plan Association). These organizations are presented in Notes 19, 20, and 21 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

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

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

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

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

2. Proprietary Fund Types:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

3. Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust 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, other than those accounted for in the proprietary 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 funds.

B. Measurement Focus and Basis of Accounting

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

C. Budgetary Process

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

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 Logan County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

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 can be enacted by the Board of Education at the fund, function, and object level of expenditures. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

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

During fiscal year 1999, investments were limited to STAR Ohio. All investments of the School District had a maturity of two years or less. Investments are stated at cost. Investment earnings are allocated based upon School District policy.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$81,842, which includes \$31,918 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 an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

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

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

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

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues (Continued)

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

Entitlements

General Fund

- State Foundation Program
- School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems
- Phonics Grant
- Title I
- Title VI
- Title VI-B
- Textbook Subsidy
- Disadvantaged Pupil Impact Aid
- Teacher Development
- Financial Literacy Grant
- Middle School Comprehensive School Reform Grant
- District Comprehensive School Reform Grant
- Raising the Bar Grant

Capital Projects Funds

- School Net

Reimbursable Grants

Proprietary Funds

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

Grants and entitlements amounted to approximately 44 percent of the School District's operating revenue during the 1999 fiscal year.

I. Interfund Assets/Liabilities

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

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences (Continued)

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

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 proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

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

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

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

L. 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.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the amounts required by statute to be set-aside by the School District for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 23 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves

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

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

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

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

3. ACCOUNTABILITY

At June 30, 1999, the General Fund has (had) a deficit fund balance of \$480,623 and the Title I Fund has (had) a deficit fund balance of \$13,999 which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budget Basis	\$722,908	\$278,549	\$79,179	\$(1,464,226)	\$2,139
Net Adjustment for Revenue Accruals	(54,455)	695	18,909	(9,705)	0
Net Adjustment for Expenditure Accruals	(5,646)	4,912	0	85,513	0
Net Adjustment for Other Sources/Uses	(53,127)	0	0	0	0
Adjustment for Encumbrances	330	14,786	0	132,844	0
GAAP Basis	<u>\$621,302</u>	<u>\$298,942</u>	<u>\$98,088</u>	<u>\$(1,255,574)</u>	<u>\$2,139</u>

5. DEPOSITS AND INVESTMENTS

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

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

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

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

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

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 specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At fiscal year end, the School District had \$195 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

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

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

5. DEPOSITS AND INVESTMENTS (Continued)

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$652,754 and the bank balance was \$834,636. Of the bank balance, \$244,125 was covered by federal depository insurance and \$590,511 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Carrying Value	Market Value
STAR Ohio	<u>1,567,378</u>	<u>1,567,378</u>
Totals	<u>\$1,567,378</u>	<u>\$1,567,378</u>

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$2,220,327	\$ 0
Cash on Hand	(195)	
Investments:		
STAR Ohio	<u>(1,567,378)</u>	<u>1,567,378</u>
GASB Statement No. 3	<u>\$ 652,754</u>	<u>\$1,567,378</u>

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

6. PROPERTY TAXES

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

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

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

The School District receives property taxes from Logan County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999 are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$332,342 in the General Fund and \$106,097 in the Bond Retirement Debt Service Fund.

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second-Half Collections		1999 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$164,672,750	81.46%	\$186,449,220	82.71%
Public Utility	15,568,620	7.70	15,733,440	6.98
Tangible Personal Property	<u>21,908,845</u>	<u>10.84</u>	<u>23,235,920</u>	<u>10.31</u>
Total Assessed Value	<u>\$202,150,215</u>	<u>100.00%</u>	<u>\$225,418,580</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed valuation	\$45.01		\$45.50	

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

7. RECEIVABLES

Receivables at June 30, 1999, consisted of both property taxes, accounts (rent, billings for user charged services, and student fees). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes – Current & Delinquent	\$6,350,499
Accounts	<u>10,325</u>
Total General Fund	<u>\$6,360,824</u>
Debt Service	
Taxes – Current & Delinquent	<u>\$1,121,348</u>
Total Debt Service Fund	<u>\$1,121,348</u>
Enterprise Fund	
Accounts	\$6,424
Intergovernmental	<u>26,349</u>
Total Enterprise Fund	<u>\$32,773</u>
Total Receivables	<u>\$7,514,945</u>

8. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$158,936
Less: Accumulated Depreciation	<u>(92,387)</u>
Net Fixed Assets	<u>\$ 66,549</u>

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

8. FIXED ASSETS (Continued)

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$ 303,146	\$ 1,869,052	\$ 0	\$ 2,172,198
Buildings and Improvements	3,246,506	15,225,778	634,657	17,837,627
Furniture and Equipment	2,153,747	606,348	187,710	2,572,385
Vehicles	1,121,557	56,356	0	1,177,913
Construction in Progress	\$16,397,302	1,023,389	\$17,420,691	0
Totals	\$23,222,258	\$18,780,923	\$18,243,058	\$23,760,123

9. RISK MANAGEMENT

The 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. The District maintains comprehensive commercial insurance coverage for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The District's comprehensive commercial insurance coverage for real property, and building contents has a liability limit of \$33,535,360 and a \$500 deductible.

The District's fleet insurance has a liability limit of \$1,000,000, \$5,000 for medical payments. The policy includes a \$250 deductible for collision coverage with all buses covered for cash value.

The District's liability policy has a limit of \$5,000,000 aggregate.

Settled claims have not exceeded this commercial coverage in any of the past three years.

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

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

9. RISK MANAGEMENT (Continued)

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Medical/surgical and dental insurance is offered to employees through Anthem Blue Cross and Blue Shield. The Indian Lake Local School District participates in the Logan County Schools Benefit Plan Association (The Plan); a public entity shared risk pool consisting of one joint vocational school, one educational service center, one local school district and the Indian Lake Local School District. The District pays monthly premiums for employee life insurance and dental and medical benefits. The District is responsible for all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Indian Lake Local School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614)222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the Indian Lake Local School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. For fiscal year 1998, 9.02% was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$219,074, \$219,690, and \$205,706, respectively; 93 percent has been contributed for fiscal year 1999, and 100 percent for fiscal years 1998 and 1997. \$16,871 representing the unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The Indian Lake Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple employer public employee retirement system. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. 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, or by calling (614)227-4090.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 1999, were 9.3 percent of covered payroll for members and 14 percent for employers; 6 percent was the portion used to fund pension obligation. For fiscal year 1998, 10.5% was the portion used to fund pension obligation. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$476,332, \$721,344, and \$731,427, respectively; 90 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$52,193 representing the unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, three members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

11. 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 non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the Boards have discretionary authority over how much, if any, of the health care costs will be absorbed by STRS and SERS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. Both systems are funded on a pay-as-you-go basis.

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

The Retirement Board allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1998, the board allocated employer contributions equal to 3.5 percent of covered payroll to Health Care Reserve Fund. For the District, this amount equaled \$635,109 during fiscal year 1999. The balance in the Health Care Reserve Fund was \$2,156 million on June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

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

11. POSTEMPLOYMENT BENEFITS (Continued)

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

After the allocation for the basic benefits, the employer's 6.3 percent contribution is allocated to providing health care benefits. For June 30, 1998, the allocation rate was 4.98 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999, the minimum pay has been established as \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the District, the amount to fund health care benefits, including surcharge, was \$179,242 during fiscal year 1999.

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

The portion of your employer contributions that were used to fund postemployment benefits can be determined by multiplying actual employer contributions times .3557, then adding the surcharge due as of June 30, 1999, as certified to your district by SERS.

12. EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulated is unlimited. Upon retirement, payment is made for 40% of accrued, but unused sick leave credit to a maximum of 72 days for certified employees and payment is made for 50% of accrued, but unused sick leave credit to a maximum of 95 days for classified employees.

B. Life and Health Insurance

The School District provides life, health, dental insurance and accidental death and dismemberment insurance to most employees through Anthem Life Insurance Company of Indiana and Anthem Blue Cross and Blue Shield.

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

13. CAPITAL LEASES - LESSEE DISCLOSURE

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

General fixed assets consisting of a vehicle has been capitalized in the general fixed assets account group in the amount of \$50,504. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled \$13,722 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 1999.

Fiscal Year Ending June 30,	GLTDAG
2000	\$13,722
Total	13,722
Less: Amount Representing Interest	(758)
Present Value of Net Minimum Lease Payments	\$12,964

14. SHORT TERM OBLIGATIONS

As of June 30, 1999, the School District did not have any outstanding short-term obligations.

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Balance At July 1, 1998	Additions	Deductions	Balance At June 30, 1999
Energy Conservation Note	\$ 140,000	\$ 0	\$ 25,000	\$ 115,000
Construction and Improvement Bonds	4,999,613	0	0	4,999,613
Construction and Improvement Bonds	12,249,877	0	530,000	11,719,877
School Bus Bonds	241,000	0	21,000	220,000
Long-Term Bonds	\$17,630,490	\$0	\$576,000	\$17,054,490
Capital Leases	25,211	0	12,247	12,964
Pension Obligation	91,277	12,709	0	103,986
Compensated Absences	915,589	0	161,810	753,779
Total Long-Term Obligations	\$18,662,567	\$12,709	\$750,057	\$17,925,219

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

15. LONG-TERM OBLIGATIONS (Continued)

General Obligation Bonds - Indian Lake Local School District issued \$13,100,000 and \$5,000,000 in voted general obligation bonds for the construction and improvement to the school buildings. The bonds were issued for a twenty-year period with final maturity at April 15, 2023 and twenty-eight year period with a final maturity at December 1, 2025 respectfully. The bonds will be retired from the debt service fund.

School Bus Bonds - Indian Lake Local School District issued unvoted obligation bonds for the purchase of school buses. The bonds were issued for a ten-year period with final maturity in 2007. The bonds will be retired from the debt service fund.

Energy Conservation Loan - Indian Lake Local School District issued unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten-year period with final maturity during fiscal year 2003. The loan will be retired from the debt service fund.

Capital leases will be paid from the General Fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$13,141,848 with an unvoted debt margin of \$22,542 at June 30, 1999.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 1999, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$ 733,000	\$ 787,476	\$ 1,520,476
2001	409,000	764,146	1,173,146
2002	300,000	749,138	1,049,138
2003	377,000	734,609	1,111,609
2004	398,000	717,020	1,115,020
2005-2009	2,798,000	3,241,426	6,039,426
2010-2014	1,510,615	5,403,298	6,913,913
2015-2019	4,048,875	2,998,563	7,047,438
2020-2024	5,770,000	943,738	6,713,738
2025-2026	710,000	35,619	745,619
Total	<u>\$17,054,490</u>	<u>\$16,375,030</u>	<u>\$33,429,520</u>

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

16. INTERFUND RECEIVABLE/PAYABLE AND ADVANCES DUE TO/FROM

At June 30, 1999, the food service and the uniform school supply enterprise funds have interfund payables in the amounts of \$21,064 and \$2,593 respectively. The general fund has an interfund receivable of \$23,657.

At June 30, 1999, the General Fund has an advance due to the Capital Projects fund for \$350,000.

17. CONTRACTUAL COMMITMENTS

As of June 30, 1999, the School District had contractual purchase commitments of \$117,963 with various contractors for construction and improvements to school buildings, the most significant which are as follows:

Company	Project	Amount Remaining On Contract
Thomas & Marker	School Building Improvements	\$100,001

18. 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 Indian Lake Local School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$393,283	\$46,000	\$439,283
Depreciation Expense	345	0	345
Operating Income (Loss)	(149,079)	1,536	(147,543)
Donated Commodities	32,206	0	32,206
Operating Grants	168,114	0	168,114
Operating Transfers - In	0	2,800	2,800
Net Income (Loss)	51,409	4,336	55,745
Equipment Additions	1,863	0	1,863
Net Working Capital	(53,728)	6,576	(47,152)
Total Assets	113,879	9,169	123,048
Total Liabilities	101,058	2,593	103,651
Total Equity	12,821	6,576	19,397

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

19. JOINTLY GOVERNED ORGANIZATIONS

Western Ohio Computer Organization - The School District is a participant with several other school districts in a jointly governed organization to operate the Western Ohio Computer Organization (WOCO). WOCO was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these districts supports WOCO based upon a per pupil charge dependent upon the software package utilized. WOCO is governed by a Board of Directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. In accordance with GASB Statement No. 14, the District does not have an equity interest in WOCO as the residual interest in the net resources of the joint venture upon dissolution is not equivalent to an equity interest. Financial information can be obtained from Sharon Waldsmith, who serves as the fiscal agent, at 129 East Court Street, 4th Floor, Sidney, Ohio 45365.

Ohio Hi-Point Joint Vocational School District - The Ohio Hi-Point Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Ohio Hi-Point Joint Vocational School District, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311-9594.

20. INSURANCE PURCHASING POOL

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

The Indian Lake Local School District participates in the **Logan County Schools Benefit Plan Association (The Plan)**; a public entity shared risk pool consisting of one joint vocational school, one educational service center, one local school district and the Indian Lake Local School District. The District pays monthly premiums for employee life insurance and dental and medical benefits. The District is responsible for all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

21. RELATED ORGANIZATION

Logan County District Library - The Logan County District Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Judge of Common Pleas Court. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Logan County District Library, Wilma Furgeson, Clerk/Treasurer, at 220 North Main, Bellefontaine, Ohio 43311.

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

22. 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, 1999.

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 condition of the School District.

23. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$60,761	\$60,761
Current Year Set-aside Requirement	\$144,566	\$144,566	\$72,283	\$361,415
Current Year Offsets	(\$30,139)	(\$0)	(\$0)	(\$30,139)
Qualifying Disbursements	(\$154,633)	(\$113,907)	(\$0)	(\$228,334)
Total	<u>(\$40,206)</u>	<u>\$30,659</u>	<u>\$136,044</u>	
Cash Balance FY 1999	<u>0</u>	<u>30,659</u>	<u>136,044</u>	
Amount restricted for Budget Stabilization and Reserves				<u>163,703</u>
Total Restricted Assets				<u>\$163,703</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

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

24. SUBSEQUENT EVENTS

A. State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$2,746,248 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "through and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

B. Tax Anticipation Notes

The District issued \$800,000 (five issues of \$160,000) in tax anticipation notes dated August 26, 1999 with varying maturity dates from December 1, 2000 to December 1, 2004. The proceeds will be used to provide for the emergency requirements of the School District.

25. CONTINUED EXISTENCE

The District has been experiencing a deficit fund balance in the general fund. The GAAP basis general fund balances were (\$1,090,109) for FY 1997, (\$1,101,925) for FY 1998, and (\$480,623) for FY 1999. The district has realized that this is an unfavorable situation, and an emergency 8.25 mill operating levy was passed by the voters in May 1999. The District will require the proceeds of an operating levy or additional State funding in order to provide their current level of services in the future or curtailing specified expenditures as set forth in several alternative spending plans.

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through Ohio Department of Education)						
Food Distribution Program		10.550	\$0	\$31,993	\$0	\$29,391
National School Lunch Program	04-PU	10.555	129,578	0	129,578	0
School Breakfast Program	05-PU	10.553	20,420		20,420	
Total U.S. Department of Agriculture - Nutrition Cluster			149,998	31,993	149,998	29,391
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Title I, Part A, IASA	C1-S1 C1-S1	84.010	37,176 195,497	0	67,372 169,340	0
Total Title I			232,673	0	236,712	0
Title VI-B, Special Education Grants to States	6B-SF	84.027	106,656	0	100,221	0
Technology Literacy Challenge Grant - Raising the Bar	TF-S1	84.318	150,000	0	0	0
Title VI, Innovative Education Program Strategies	C2-S1 C2-S1	84.281	0 8,101	0 0	651 0	0 0
Total Title VI			8,101	0	651	0
Comprehensive School Reform Demonstration Grant		84.332	75,000	0	1,500	0
(Direct Program)						
Telecommunications Act Grant - E Rate		84.XXX	3,199	0	3,199	0
Total U.S. Department of Education			575,629	0	342,283	0
Total Federal Assistance			<u>\$725,627</u>	<u>\$31,993</u>	<u>\$492,281</u>	<u>\$29,391</u>

See Notes to Federal Awards Expenditures

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE A - BASIS OF ACCOUNTING

The accompanying Schedule of Federal Awards Expenditures has been prepared on a basis of cash receipts and disbursements, consequently, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred.

NOTE B - FEDERAL E-RATE FUNDS

The federal E-rate is paid directly to the telecommunications service provider. The School District has a matching requirement which was met by paying the portion of the invoice from the service provider not paid by the Federal government. Amounts for the E-rate are budgeted and appropriated.

NOTE C - FEDERAL AWARDS EXPENDITURES ADMINISTERED BY OTHER GOVERNMENTS

Indian Lake Local School District also benefitted from other federal award expenditure programs which were passed through the State Department of Education to the Logan County Educational Service Center. These programs are administered by the Logan County Educational Service and are audited according to the Single Audit Act (A-133) at that level. The financial activity of these federal award expenditure programs is not reflected in the accompanying schedule of Federal Award Expenditures.

FEDERAL GRANTOR/ Pass-Through Grantor/ Program Titles	Federal CFDA Number	Project Number	Amount of Allotment
UNITED STATES DEPARTMENT OF EDUCATION			
Passed through Ohio Department of Education - to Logan County Educational Service Center			
Eisenhower Professional Development State Grants	84.281	MS-S1	\$9,589
Drug-Free Schools and Communities	84.186	DR-S1	10,212

NOTE D - FOOD DISTRIBUTION

Non monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

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

Indian Lake Local School District
Logan County
6210 State Route 235 North
Lewistown, Ohio 43333

To the Board of Education:

We have audited the financial statements of the Indian Lake Local School District, (the District), Logan County, Ohio, as of and for the year ended June 30, 1999, and have issued our report thereon dated February 24, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-10246-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated February 24, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated February 24, 2000.

Indian Lake Local School District
Logan County
Report of Independent Accountants on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page -2-

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

JIM PETRO
Auditor of State

February 24, 2000



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OFFICE OF THE AUDITOR

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

Indian Lake Local School District
Logan County
6210 State Route 235 North
Lewistown, Ohio 43333

To the Board of Education:

Compliance

We have audited the compliance of the Indian Lake Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999. We noted an instance of noncompliance that does not require inclusion in this report that we have reported to the management of the District in a separate letter dated February 24, 2000.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

February 24, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (list):</i>	Food Service Nutrition Cluster CFDA# 10.550, 10.553, 10.555
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

Finding Number	1999-10246-001
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Finding Repaid During Audit

Ohio Rev. Code Section 3315.07(C)(1) specifically prohibits a board of education from using public funds to support or oppose the passage of a school levy or bond issue. Future Farmers of America student activity funds are public school funds. The Future Farmers of America (FFA) student activity fund donated two hundred and fifty dollars (\$250.00) to the Indian Lake Bond Issue levy group to support the promotion of passing a bond issue.

On February 22, 2000, the District Treasurer Colleen Reprogle repaid this money with receipt number 9576.

The District should review all expenditures to assure they are for proper public purposes.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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INDIAN LAKE LOCAL SCHOOL DISTRICT

LOGAN 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
APRIL 11, 2000**