



**Auditor of State  
Betty Montgomery**



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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 Indian Lake Local School District, Logan County, (the "District"), as of and for the year ended June 30, 2002, 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 auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Indian Lake Local School District, Logan County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of federal awards expenditures is presented for 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. We subjected this information 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 21, 2003

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INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY

COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$4,152,108	\$235,959	\$1,098,848	\$187,832
Cash and Cash Equivalents with Fiscal Agent		20,138		
Receivables:				
Taxes	7,668,405		1,185,130	
Accounts	16,281	171		
Intergovernmental		94,786		
Interfund Receivable	54,906			
Materials and Supplies Inventory	12,881			
Prepaid Items	32,255			
Advances to Other Funds	60,000			
<b>Restricted Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	5,563			
Fixed Assets (Net, where applicable of Accumulated Depreciation)				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt Amount to be Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<u>12,002,399</u>	<u>351,054</u>	<u>2,283,978</u>	<u>187,832</u>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	40,458	2,960		
Accrued Wages and Benefits	1,355,759	73,198		
Compensated Absences Payable	17,023			
Interfund Payable		6,000		
Intergovernmental Payable	191,262	7,795		
Deferred Revenue	7,219,841	44,686	1,118,406	
Due to Students				
Advances from Other Funds				
Notes Payable				
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<u>8,824,343</u>	<u>134,639</u>	<u>1,118,406</u>	
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Property Taxes	448,564		66,724	
Reserved for Encumbrances	246,927	9,829		2,520
Reserved for Inventory	12,881			
Reserved for Prepaid Items	32,255			
Reserved for Advances	60,000			
Reserved for Bureau of Workers Compensation Refunds	5,563			
Reserved for Severance Pay	356,327			
Reserved for Debt Service Principal			1,098,848	
Unreserved				
Unreserved, Undesignated	2,015,539	206,586		185,312
<b>Total Fund Equity and Other Credits</b>	<u>3,178,056</u>	<u>216,415</u>	<u>1,165,572</u>	<u>187,832</u>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<u>\$12,002,399</u>	<u>\$351,054</u>	<u>\$2,283,978</u>	<u>\$187,832</u>

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



Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$17,897	\$112,365			\$5,805,009 20,138
				8,853,535
4,668	1,197			22,317
15,526				110,312
				54,906
26,506				39,387
				32,255
				60,000
				5,563
		25,303,820		25,303,820
246,594				246,594
			1,165,572	1,165,572
			16,403,531	16,403,531
<u>311,191</u>	<u>113,562</u>	<u>25,303,820</u>	<u>17,569,103</u>	<u>58,122,939</u>
464	266			44,148
50,489				1,479,446
25,285			686,373	728,681
48,906				54,906
27,961			111,458	338,476
				8,382,933
	87,692			87,692
60,000				60,000
			510,000	510,000
			16,261,272	16,261,272
<u>213,105</u>	<u>87,958</u>		<u>17,569,103</u>	<u>27,947,554</u>
		25,303,820		25,303,820
222,292				222,292
(124,206)				(124,206)
				515,288
				259,276
				12,881
				32,255
				60,000
				5,563
				356,327
				1,098,848
	25,604			2,433,041
<u>98,086</u>	<u>25,604</u>	<u>25,303,820</u>		<u>30,175,385</u>
<u>\$311,191</u>	<u>\$113,562</u>	<u>\$25,303,820</u>	<u>\$17,569,103</u>	<u>\$58,122,939</u>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Types</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trusts</u>	
<b>Revenues:</b>						
Property & Other Local Taxes	\$ 7,531,799		\$ 1,179,002			\$8,710,801
Intergovernmental	6,487,754	845,842	119,158	8,637		7,461,391
Tuition and Fees	27,772	19,628				47,400
Interest	128,804				605	129,409
Extracurricular		168,369				168,369
Rent	4,055					4,055
Gifts and Donations	515				95	610
Miscellaneous	111,069	7,930		24,000	394	143,393
Customer Services	8,201					8,201
<b>Total Revenues</b>	<u>14,299,969</u>	<u>1,041,769</u>	<u>1,298,160</u>	<u>32,637</u>	<u>1,094</u>	<u>16,673,629</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	5,497,315	206,444		11,951		5,715,710
Special	1,397,793	367,111				1,764,904
Vocational	313,493	2,883				316,376
Other	493,429					493,429
Support services:						
Pupil	292,229	82,307				374,536
Instructional Staff	602,085	158,290		8,636		769,011
Board of Education	27,098					27,098
Administration	1,002,656	14,232				1,016,888
Fiscal	340,178		27,417			367,595
Operation and Maintenance of Plant	1,175,016	7,399				1,182,415
Pupil Transportation	864,068	7,028				871,096
Central	244,446	13,330		-		257,776
Non-instructional Services		3,130			710	3,840
Extracurricular activities	269,722	159,738			3,000	432,460
Capital Outlay				109,196		109,196
Debt Service:						
Debt Service - Principal			460,000			460,000
Debt Service - Interest			775,147			775,147
<b>Total Expenditures</b>	<u>12,519,528</u>	<u>1,021,892</u>	<u>1,262,564</u>	<u>129,783</u>	<u>3,710</u>	<u>14,937,477</u>
Excess of Revenues Over (Under) Expenditures	<u>1,780,441</u>	<u>19,877</u>	<u>35,596</u>	<u>(97,146)</u>	<u>(2,616)</u>	<u>1,736,152</u>
<b>Other Financing Sources/(Uses)</b>						
Operating Transfers In			252,903			252,903
Operating Transfers Out	(298,975)					(298,975)
Proceeds from Sale of Fixed Assets	4,098					4,098
<b>Total Other Financing Sources (Uses)</b>	<u>(294,877)</u>		<u>252,903</u>			<u>(41,974)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	<u>1,485,564</u>	<u>19,877</u>	<u>288,499</u>	<u>(97,146)</u>	<u>(2,616)</u>	<u>1,694,178</u>
Fund Balance at Beginning of Year	<u>1,692,492</u>	<u>196,538</u>	<u>877,073</u>	<u>284,978</u>	<u>28,220</u>	<u>3,079,301</u>
<b>Fund Balance at End of Year</b>	<u>\$3,178,056</u>	<u>\$216,415</u>	<u>\$1,165,572</u>	<u>\$187,832</u>	<u>\$25,604</u>	<u>\$4,773,479</u>

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

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INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2002**

	Governmental Fund Types				
	General			Special Revenue	
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual
<b>Revenues:</b>					
Intergovernmental	\$6,282,396	\$6,487,790	\$205,394	\$677,067	\$618,767
Earnings on Investments	220,000	128,804	(91,196)		
Tuition and Fees	42,900	26,839	(16,061)	23,200	19,628
Rent	4,000	4,055	55		
Extracurricular				246,300	169,174
Gifts and Donations	1,000	515	(485)	245	
Customer Services	5,000	8,201	3,201		
Property and Other Local Taxes	7,498,139	7,484,373	(13,766)		
Miscellaneous	93,981	92,676	(1,305)	16,700	7,872
<b>Total Revenues</b>	<b>14,147,416</b>	<b>14,233,253</b>	<b>85,837</b>	<b>963,512</b>	<b>815,441</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	5,543,434	5,448,980	94,454	217,598	186,368
Special	1,389,993	1,389,024	969	276,806	213,967
Vocational	336,312	321,249	15,063	6,000	4,378
Other	526,266	503,892	22,374		
Support services:					
Pupil	343,958	294,329	49,629	84,038	69,245
Instructional Staff	606,171	587,805	18,366	236,272	165,124
Board of Education	27,631	25,790	1,841		
Administration	1,020,489	1,004,930	15,559	19,301	14,232
Fiscal	351,845	340,623	11,222		
Operation and Maintenance of Plant	1,262,949	1,252,589	10,360	10,789	7,399
Pupil Transportation	1,114,639	1,032,074	82,565	7,489	7,028
Central	263,310	247,021	16,289	38,431	13,329
Non-instructional Services				13,486	3,130
Extracurricular activities	268,864	268,767	97	274,878	158,994
Capital Outlay				4,325	
Debt Service:					
Principal Retirement					
Interest Charges					
<b>Total Expenditures</b>	<b>13,055,861</b>	<b>12,717,073</b>	<b>338,788</b>	<b>1,189,413</b>	<b>843,194</b>
Excess of Revenues Over (Under) Expenditures	1,091,555	1,516,180	424,625	(225,901)	(27,753)
<b>Other Financing Sources and Uses</b>					
Operating Transfers In				(2,216)	
Proceeds from Sale of Fixed Assets	3,796	4,098	302		
Refund of Prior Year Expenditures	14,000	14,155	155		
Advances In		19,000	19,000		10,000
Other Financing Sources					
Operating Transfers Out	(299,641)	(298,975)	666		
Advances Out	(50,000)	(50,000)			(4,000)
Other Financing Uses					
<b>Total Other Financing Sources (Uses)</b>	<b>(331,845)</b>	<b>(311,722)</b>	<b>20,123</b>	<b>(2,216)</b>	<b>6,000</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	759,710	1,204,458	444,748	(228,117)	(21,753)
Fund Balance at Beginning of Year	2,630,738	2,630,738		239,552	239,552
Prior Year Encumbrances Appropriated	56,286	56,286		2,964	2,964
<b>Fund Balance at end of Year</b>	<b>\$3,446,734</b>	<b>\$3,891,482</b>	<b>\$444,748</b>	<b>\$14,399</b>	<b>\$220,763</b>

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

Governmental Fund Types						Fiduciary Fund Type		
Debt Service			Capital Projects			Expendable Trust		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$133,000	\$119,158	(\$13,842)	\$1,727	\$1,727		1,500	605	(895)
						2,900	95	(2,805)
1,425,973	1,198,366	(227,607)	50,000	24,000	(26,000)	1,000	394	(606)
1,558,973	1,317,524	(241,449)	51,727	25,727	(26,000)	5,400	1,094	(4,306)
			11,951	11,951				
			8,637	8,637				
33,500	27,417	6,083						
						3,667	710	2,957
						29,953	3,000	26,953
			255,000	148,015	106,985			
460,000	460,000							
775,582	775,147	435						
1,269,082	1,262,564	6,518	275,588	168,603	106,985	33,620	3,710	29,910
289,891	54,960	(234,931)	(223,861)	(142,876)	80,985	(28,220)	(2,616)	25,604
253,334	252,903	(431)						
100		(100)						
			(104,327)		104,327			
253,434	252,903	(531)	(104,327)		104,327			
543,325	307,863	(235,462)	(328,188)	(142,876)	185,312	(28,220)	(2,616)	25,604
790,985	790,985		191,600	191,600		28,220	28,220	
			136,588	136,588				
\$1,334,310	\$1,098,848	(\$235,462)	(\$471,064)	\$185,312	\$185,312	\$0	\$25,604	\$25,604

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND EQUITY  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Revenues:</b>	
Sales	\$463,844
Charges for Services	3,722
Other Revenues	4,026
Total Operating Revenues	471,592
<b>Operating Expenses</b>	
Salaries	260,541
Fringe Benefits	109,276
Purchased Services	16,302
Materials and Supplies	363,403
Depreciation	20,598
Other	233
Total Operating Expenses	770,353
Operating Loss	(298,761)
<b>Non-Operating Revenues</b>	
Federal and State Subsidies	185,509
Federal Donated Commodities	50,054
Loss on Disposal of Fixed Assets	(2,707)
Total Non-Operating Revenues	232,856
Income Loss Before Operating Transfers	(65,905)
Operating Transfers - In	46,072
Net Loss	(19,833)
Retained Earnings at Beginning of Year (Restated Note 4)	(104,373)
Retained Earnings at End of Year	(124,206)
Contributed Capital at Beginning of Year	222,292
Contributed Capital at End of Year	222,292
Total Fund Equity at End of Year	\$98,086

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Increase(Decrease) in Cash and Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Sales	\$463,853
Cash Received from Charges for Services	3,722
Other Cash Receipts	4,026
Cash Payments for Goods and Services	(327,786)
Cash Payments for Contract Services	(16,302)
Cash Payments for Employee Services	(254,639)
Cash Payments for Employee Benefits	(113,777)
Other Cash Payments	(233)
Net Cash Used by Operating Activities	(241,136)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Cash from Federal & State Subsidies	208,937
Operating Advances In	40,000
Operating Advances Out	(15,000)
Operating Transfers In	46,072
Net Cash Provided by Noncapital Financing Activities	280,009
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Payments for Capital Acquisitions	(24,241)
Net Increase in Cash and Cash Equivalents	14,632
Cash and Cash Equivalents at Beginning of Year	3,265
<b>Cash and Cash Equivalents at End of Year</b>	17,897
<b>Reconciliation of Operating (Loss) to Net Cash (Used) by Operating Activities:</b>	
Operating Loss	(298,761)
<b>Adjustments to Reconcile Operating (Loss) To Net Cash (Used) by Operating Activities:</b>	
Depreciation	20,598
Federal Donated Commodities Used During the Year	50,054
Non-Cash Transactions	224
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	9
Decrease in Materials and Supplies Inventory	(2,481)
Increase in Accounts Payable	464
Increase in Accrued Wages and Benefits	10,356
Decrease in Compensated Absences Payable	(3,100)
Increase in Intergovernmental Payable	(5,855)
Decrease in Deferred Revenue	(12,644)
Total Adjustments	57,625
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(\$241,136)</b>

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

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**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002**

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

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

The District was established during 1962 through the consolidation of existing land areas and school districts. The 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 District is the 272nd largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 89 non-certificated employees, 135 certificated full-time teaching personnel and 10 administrative employees who provide services to 2,017 students and other community members. The 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.

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

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

The District is associated with four jointly governed organizations, two public entity risk pools, and one related organization. These organizations include the Western Ohio Computer Organization, the Ohio Hi-Point Joint Vocational School District, the West Central Ohio Special Education Regional Resource Center, the Logan County Education Association, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Logan County Schools Benefit Plan Association, and the Logan County District Library. These organizations are presented in Notes 17, 18, and 19 to the general - purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the 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 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 District's accounting policies are described below.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

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

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

**General Fund**

The General Fund is the operating fund of the 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 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.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

**2. Proprietary Fund Types:**

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

**Enterprise Funds**

Enterprise Funds are used to account for 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.

**3. Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The 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 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 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 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.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

The proprietary fund type is accounted for using 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. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

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

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available as an advance, grants, and customer services.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are recorded as deferred revenue.

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

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.

**C. Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. 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.

**1. Tax Budget**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are 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.

**2. Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the 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 District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002 in effect at the time final appropriations were adopted by the Board.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

**3. Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the 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 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.

**4. Encumbrances**

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

**5. Lapsing of Appropriations**

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

**D. Cash and Cash Equivalents**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

During fiscal year 2002, investments were limited to STAR Ohio, which is reported at cost. 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 STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2002.

Following Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during fiscal year 2002 amounted to \$128,804, which includes \$36,065 assigned from other District funds.

For purposes of the Combined Statement of Cash Flows and for presentation of the Combined Balance Sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

**E. Inventory**

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 a 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, 2002 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, Contributed Capital, 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 District maintains a capitalization threshold of five hundred dollars. The District does not have any infrastructure.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

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. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Contributed capital represents resources from other funds, other governments, and private resources provided to proprietary funds and are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Because the District did not prepare financial statements in accordance with generally accepted accounting principles prior to 1994, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying general-purpose financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as retained earnings.

**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. Grants and entitlements for enterprise fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

**H. Intergovernmental Revenues**

**Entitlements**

**General Fund**

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

**Special Revenue Fund**

- Education Management Information Systems
- Teacher Development
- Continuous Improvement Implementation Grant

**Debt Service Fund**

- State Property Tax Relief



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

**Non-Reimbursable Grants**

**Special Revenue Funds**

Title I, Part A, ESEA Act  
Eisenhower Professional Development State Grants (Title II)  
Drug Free Schools and Communities (Title IV)  
Innovative Education Program Strategies (Title VI)  
Special Education Grants to States and Special Education (Title VI-B)  
Class Size Reduction (Title VI-R)  
Ohio Reads Grant  
Extended Learning Opportunity Initiative Grant

Summer School Subsidy  
5<sup>th</sup> Quarter Grant  
2002 School Reading Improvement Incentive Award  
Safe School Help Line  
Middle School Comprehensive School Reform Grant  
District Comprehensive School Reform Grant  
School Net Training Grant  
School Net Assist Grant  
School Net Praise Grant  
One Net Connectivity Grant

**Capital Projects Funds**

School Net

**Reimbursable Grants**

**General Fund**

Bus Purchase Allowance  
Vocational Education Reimbursement

**Special Revenue Fund**

E-Rate

**Proprietary Funds**

National School Lunch Program  
National School Breakfast  
Government Donated Commodities  
Summer Food Program

Grants and entitlements amounted to approximately forty-four percent of the District's revenue during the fiscal year.

**I. Interfund Receivable/Payable**

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.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

**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 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. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The liability is an estimate based on the District's past experience of making termination payments.

The total liability for vacation and sick leave 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 District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for employees after 10 years of current service with the District. 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. In general, payments made more than sixty days after year-end are considered not to have been paid using current available financial resources. Long-term bonds are reported as a liability of the general long-term obligations account group until due.

**L. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund are recorded as expenditures/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.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. These restricted assets represent Bureau of Workers' Compensation refunds whose use is restricted by S.B. 345. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserve.

**N. Fund Balance Reserves**

The 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, bureau of workers compensation refunds, advances, prepaids, severance payments, and debt service principal.

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 Bureau of Worker's Compensation refunds represents money whose use is restricted by S.B. 345.

**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 "Total - (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 AND COMPLIANCE**

**A. Accountability**

At June 30, 2002, the Special Revenue Ohio Reads Grant, 5<sup>th</sup> Quarter Grant, Title I, and Title VI-R funds had deficit fund balances of \$8,819, \$2,883, \$2,009, and \$19,260, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE (Continued)**

**B. Compliance**

The Enterprise Food Service Fund had negative cash fund balances for several months. The Special Revenue Title VI-R FY '02 grant had negative cash fund balances at December 31, 2001 and at February 28, 2002. These negative cash fund balances violated the requirements of Ohio Rev. Code Section 5705.10.

**4. PRIOR PERIOD ADJUSTMENT – CORRECTION OF AN ERROR**

The prior period amount reported for Proprietary Enterprise Food Service Fixed Assets include assets that had been disposed of, and incorrectly reported depreciation expense on existing fixed assets.

The correction of this accounting error had the following effect on the net loss and retained earnings as it was previously reported as of June 30, 2001:

Net Loss June 30, 2001	(\$57,829)
Cumulative Effect of an Accounting Correction	<u>(12,314)</u>
Net Loss June 30, 2001 as Restated	70,143
Retained Earnings June 30, 2001	(92,059)
Cumulative Effect of an Accounting Correction	<u>(12,314)</u>
Fund Equity June 30, 2001as Restated	<u>(\$104,373)</u>

**5. DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

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

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

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

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

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

At June 30, 2002, the District had \$20,138 in cash and cash equivalents with the Logan County Educational Service Center which is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

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

**Deposits:** At fiscal year end, the carrying amount of the District's deposits was, \$1,442,212 and the bank balance was \$1,565,911. Of the bank balance, \$250,051 was covered by federal depository insurance and \$1,315,860 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the 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 District to a successful claim by the Federal Deposit Insurance Corporation.

**Investments:** The District's investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments, which are held by the counter-party, trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party, or by its trust department or agent but not in the District's name. The 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.

<b>Investments:</b>	<b>Carrying Value</b>	<b>Market Value</b>
STAR Ohio	4,368,165	4,368,165

The reconciliation between classifications of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents/ Deposits</b>	<b>Investments</b>
GASB Statement No. 9	\$5,830,710	
Cash on Hand	(195)	
Cash with Fiscal Agent	(20,138)	
Investments:		
STAR Ohio	(4,368,165)	4,368,165
GASB Statement No. 3	\$1,442,212	\$4,368,165

**6. BUDGETARY BASIS OF ACCOUNTING**

While the 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.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental and Similar Fiduciary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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

**Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental and Similar Fiduciary Fund Types**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budget Basis	\$1,204,458	(\$21,753)	\$307,863	(\$142,876)	(\$2,616)
Adjustment for:					
Revenue Accruals	66,717	49,353	(19,364)	6,910	
Expenditure Accruals	(71,837)	(22,631)		36,300	
Other Financing Sources/Uses	16,845	(6,000)			
Excess Revenues/ Expenditures for Nonbudgeted Funds		8,904			
Encumbrances	269,381	12,004		2,520	
GAAP Basis	<u>\$1,485,564</u>	<u>\$19,877</u>	<u>\$288,499</u>	<u>(\$97,146)</u>	<u>(\$2,616)</u>

**7. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2002 represent the collection of calendar year 2001 taxes. Real property taxes for calendar year 2002 are levied after April 1, 2001, on the assessed values as of January 1, 2001, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or 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.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

**7. PROPERTY TAXES (Continued)**

Tangible personal property tax revenues received in calendar year 2002 (other than public utility property) represent the collection of calendar year 2002 taxes. Tangible personal property taxes for calendar year 2002 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or 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 District receives property taxes from Logan County. The County Auditor periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 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, 2002. 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, 2002, was \$448,564 in the General Fund and \$66,724 in the Bond Retirement Debt Service Fund.

The assessed values upon which fiscal year 2002 taxes were collected are:

	<b>2001 Second-Half Calendar Year Collections</b>		<b>2002 First-Half Calendar Year Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$195,443,950	83.3%	\$231,918,370	85.1%
Public Utility	15,590,350	6.6%	11,099,480	4.1%
Tangible Personal Property	23,592,945	10.1%	29,643,396	10.8%
Total Assessed Value	<u>\$234,627,245</u>	<u>100.00%</u>	<u>\$272,661,246</u>	<u>100.0%</u>
Tax rate per \$1,000 of Assessed valuation	\$52.80		\$49.70	

**8. RECEIVABLES**

Receivables at June 30, 2002, consisted of both property taxes, accounts (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:



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

**8. RECEIVABLES (Continued)**

	<b>Amounts</b>
General Fund	
Taxes	\$7,668,405
Accounts	16,281
Inter-fund	54,906
Special Revenue Funds	
Accounts	171
Intergovernmental	94,786
Debt Service	
Taxes	1,185,130
Enterprise Funds	
Accounts	4,668
Intergovernmental	15,526
Agency Funds	
Accounts	1,197
Total Receivables	\$9,041,070

**9. FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$372,289
Less: Accumulated Depreciation	(125,695)
Net Fixed Assets	\$246,594

A summary of the changes in general fixed assets during fiscal year 2002 follows:

<b>Asset Category</b>	<b>Balance at 6/30/01</b>	<b>Less Prior Period Disposals Removed in Current FY</b>	<b>Balance Remaining After Prior Period Disposals</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 6/30/02</b>
Land and Improvements	\$2,117,314		2,117,314	\$35,534	\$0	\$2,152,848
Buildings and Improvements	18,209,145		18,209,145	3,887	8,345	18,204,687
Furniture and Equipment	3,391,470	174,916	3,216,554	377,180	111,521	3,482,213
Vehicles	1,414,248		1,414,248	109,204	59,380	1,464,072
Totals	\$25,132,177	\$174,916	\$24,957,261	\$525,805	\$179,246	\$25,303,820

**10. RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural 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 coverage in any of the past three fiscal years.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

**10. RISK MANAGEMENT (Continued)**

The District's comprehensive commercial insurance coverage for real property and building contents has a liability limit of \$33,535,560, a \$500 deductible, and a 100 percent coinsurance.

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 comprehensive and collision coverage with all buses covered for cash value.

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

**B. Workers' Compensation**

For fiscal year 2002, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

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

**C. Health Insurance**

The 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 and three local school districts. The District pays monthly premiums for employee life insurance and dental and medical benefits. The Plan is responsible for all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**11. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement benefits 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. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute an actuarially determined rate. The current rate is 14%; 5.46 percent was the portion used to fund pension obligations for fiscal year 2002. For fiscal year 2001, 4.2 percent was the portion used to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by statute. The adequacy of the contribution rate is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$85,185, \$69,556, and \$94,689, respectively; 67 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$28,365, which represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board.

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2002. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001 and 2000 were \$544,726, \$564,160, and \$340,659, respectively; 90 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$53,554, which represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2002, three members of the Board of Education have elected Social Security. The School District's liability is 6.2 percent of wages paid.

**12. POSTEMPLOYMENT BENEFITS**

The 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. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

**12. POSTEMPLOYMENT BENEFITS (Continued)**

For SERS, coverage is made available to service retirees with ten or more fiscal 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.

For the fiscal year ended June 3, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including the surcharge, was \$156,847 for fiscal year 2002.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses.

Expenses for health care at June 30, 2002 were \$182,946,777, and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2002, the board allocated employer contributions equal to 4.5 percent; of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$258,028.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,011 billion at June 30, 2002. For the fiscal year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000, and STRS had 105,300 eligible benefit recipients.

**13. 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 up to 45 percent of accrued, but unused sick leave credit to a maximum of 85.5 days depending on the length of service for certified employees and payment is made for up to 50 percent of accrued, but unused sick leave credit to a maximum of 95 days depending on the length of service for classified employees.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

**13. EMPLOYEE BENEFITS (Continued)**

**B. Life Insurance**

The District provides life insurance and accidental death and dismemberment insurance to most employees through Anthem Life Insurance Company of Indiana.

**14. LONG-TERM OBLIGATIONS**

The changes in the District's long-term obligations during fiscal year 2002 were as follows:

	<u>Balance at July 1, 2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2002</u>
Energy Conservation Note	\$60,000	\$0	\$30,000	\$30,000
1998 Construction and Improvement Bonds	4,780,000		155,000	4,625,000
1998 Capital Appreciation	245,446	37,290		282,736
1996 Construction and Improvement Bonds	9,770,000		90,000	9,680,000
1996 Capital Appreciation	1,425,099	100,437		1,525,536
Tax Anticipation Notes	640,000		160,000	480,000
School Bus Bonds	173,000		25,000	148,000
Long-Term Bonds	<u>\$17,093,545</u>	<u>\$137,727</u>	<u>\$460,000</u>	<u>\$16,771,272</u>
Pension Obligation	97,608	13,850		111,458
Compensated Absences	680,162	6,211		686,373
Total Long-Term Obligations	<u>\$17,871,315</u>	<u>\$157,788</u>	<u>\$460,000</u>	<u>\$17,569,103</u>

**General Obligation Bonds** - On March 1, 1998, the District issued \$4,999,612.50 in voted general obligation bonds for construction and improvements to the school buildings. The bond issue included current interest serial, current interest term, and capital appreciation serial bonds in the amount of \$1,940,000, 2,910,000 and \$149,612.50 respectively. The bonds were issued for a twenty-eight year period with a final maturity at December 1, 2025. The bonds will be retired with a voted property tax levy from the debt service fund.

The Current Interest Term Bonds maturing December 1, 2025, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount To Be Redeemed</u>
2016	\$240,000
2017	255,000
2018	265,000
2019	280,000
2020	295,000
2021	310,000
2022	325,000
2023	345,000
2024	360,000

The remaining principal amount of such bonds (\$310,000) will mature at stated maturity on December 1, 2025.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

The Current Interest Bonds maturing after December 1, 2008, are subject to redemption at the option of the District, either in whole or in part, in such order as the District shall determine, on any interest payment date on or after December 1, 2008, at redemption prices equal to the following percentages of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

<u>Redemption Period</u>	<u>Redemption Price</u>
December 1, 2008 through November 30, 2009	101%
December 1, 2009 and thereafter	100%

When partial redemption is authorized, the Current Interest Bonds or portions thereof will be selected by lot within a maturity in such manner as the Bond Registrar may determine, provided, however, that the portion of any such Bond so selected will be in the amount of \$5,000 or any integral multiple thereof.

If optional redemption of Current Interest Bonds at a redemption price exceeding 100% is to take place on any date on which a mandatory redemption of such Bonds of the same maturity will take place, such Bonds to be redeemed by optional redemption are to be selected by the Bond Registrar prior to the selection of such Bonds to be redeemed at par on the same date.

The capital appreciation serial bonds will mature in fiscal years 2012 through 2017. The maturity amount of the bonds is \$250,000 per year for a total maturity of \$1,500,000. For fiscal year 2002, \$37,290 was accreted for a total bond value of \$282,736.

On February 1, 1996, the District issued \$13,099,877.10 in voted general obligation bonds for construction and improvements to the school buildings. The bond issue included current interest serial, current interest term, and capital appreciation serial bonds in the amount of \$4,560,000, \$7,560,000, and \$979,877.10, respectively. The bonds were issued for a twenty-eight year period with a final maturity at December 1, 2023. The bonds will be retired with a voted property tax levy from the debt service fund.

The Current Interest Term Bonds maturing December 1, 2023, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount To Be Redeemed</u>
2014	\$615,000
2015	650,000
2016	685,000
2017	720,000
2018	760,000
2019	800,000
2020	845,000
2021	890,000
2022	935,000

The remaining principal amount of such bonds (\$660,000) will mature at stated maturity on December 1, 2023.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

The Current Interest Bonds maturing after December 1, 2006, are subject to redemption at the option of the District, either in whole or in part, in such order as the District shall determine, on any interest payment date on or after December 1, 2006, at redemption prices equal to the following percentages of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

<u>Redemption Period</u>	<u>Redemption Price</u>
December 1, 2006 through November 30, 2007	101%
December 1, 2007 and thereafter	100%

When partial redemption is authorized, the Current Interest Bonds or portions thereof will be selected by lot within a maturity in such manner as the Bond Registrar may determine, provided, however, that the portion of any such Bond so selected will be in the amount of \$5,000 or any integral multiple thereof.

If optional redemption of Current Interest Bonds at a redemption price exceeding 100% is to take place on any date on which a mandatory redemption of such Bonds of the same maturity will take place, such Bonds to be redeemed by optional redemption are to be selected by the Bond Registrar prior to the selection of such Bonds to be redeemed at par on the same date.

The capital appreciation serial bonds will mature in fiscal years 2010 through 2014. The maturity amount of the bonds is \$525,000, \$535,000, \$585,000, \$640,000, and \$640,000, respectively. For fiscal year 2002, \$100,437 was accreted for a total bond value of \$1,525,536.

**School Bus Bonds** - The 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 Note** - The District issued unvoted general obligation notes for the purpose of providing energy conservation measures for the 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 at June 1, 2003. The loan will be retired from the debt service fund.

**Tax Anticipation Notes** - The District issued tax anticipation notes, dated August 1999, in anticipation of the collection of a fraction of the proceeds of the five-year emergency tax levy approved in May 1999. Final maturity will be December 1, 2004.

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

The Districts voted legal debt margin was \$25,203,563 with an unvoted debt margin of \$243,497 at June 30, 2002.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 2002, are as follows:

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

<b>Fiscal year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2003	537,000	753,328	1,290,328
2004	558,000	728,340	1,286,340
2005	599,000	702,102	1,301,102
2006	522,000	676,371	1,198,371
2007	572,000	650,930	1,222,930
2008-2012	2,694,620	4,168,944	6,863,564
2013-2017	2,768,651	4,654,309	7,422,960
2018-2022	5,515,001	1,550,666	7,065,667
2023-2027	3,005,000	223,122	3,228,122
Total	<u>\$16,771,272</u>	<u>\$14,108,112</u>	<u>\$30,879,384</u>

**15. INTERFUND RECEIVABLE/PAYABLE AND ADVANCES TO/FROM**

At June 30, 2002, the Enterprise Food Service and the Uniform School Supply Funds had interfund payables in the amounts of \$46,313 and \$2,593 respectively. The Special Revenue 5<sup>th</sup> Quarter Fund had an interfund payable of \$6,000. The General Fund has an interfund receivable of \$54,906. The General Fund has an advance to the Enterprise Food Service Fund in the amount of \$60,000.

**16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The 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 District as of and for the fiscal year ended June 30, 2002.

	<b>Food Service</b>	<b>Uniform School Supplies</b>	<b>Total Enterprise Funds</b>
Operating Revenues	\$435,686	\$35,906	\$471,592
Depreciation Expense	20,598		20,598
Operating Income (Loss)	(297,388)	(1,373)	(298,761)
Donated Commodities	50,054		50,054
Operating Grants	185,509		185,509
Operating Transfer In	46,072		46,072
Net Change in Fixed Assets	19,149		19,149
Net Working Capital	(152,920)	4,412	(148,508)
Total Assets	304,186	7,005	311,191
Total Liabilities	210,512	2,593	213,105
Total Equity	93,674	4,412	98,086



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

**17. JOINTLY GOVERNED ORGANIZATIONS**

**Western Ohio Computer Organization** - The District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby, and Miami Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these districts supports WOCO based upon a per pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14, the District does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest. WOCO is governed by a board of directors consisting of the superintendents of the member school districts and the degree of control is limited to the representation on the board. Financial information can be obtained from Sonny Ivey, who serves as Director, at 129 East Court Street, Sidney, Ohio 45365.

**Ohio Hi-Point Joint Vocational School** - The Ohio Hi-Point Joint Vocational School District is a district political subdivision of the State of Ohio, which possesses its own budgeting and taxing authority. The Vocational School is governed by a board of education that consists of a representative from each participating school district and its degree of control is limited to its representation on that board. To obtain financial information write to the Ohio Hi-Point Joint Vocational School, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

**West Central Ohio Special Education Regional Resource Center** – The West Central Ohio Special Education Regional Resource Center (SERRC) is a special education service center, which selects its own board, adopts its own budget and receives Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SERRC is governed by a board of 52 members made up of the 50 superintendents of the participating districts, one non-public school, and Wright State University whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Krista Hart, Treasurer, at the Hardin County Educational Service Center, 1211 West Lima Street, Kenton, Ohio 43326.

**Logan County Education Foundation** – The Logan County Education Foundation was established to secure and distribute contributions from individuals, corporations, and foundations for the benefit of students within the county. The Foundation promotes, sponsors, and encourages the pursuit of excellence in education for students. The Foundation is managed by a Board of Trustees composed of six trustees from each school district. These trustees are nominated by their local school boards including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District, and Riverside Local School District. The Executive Board is comprised of the Logan County Educational Service Center Superintendent representing the three local school districts and the Bellefontaine City School District Superintendent representing the city school district. Financial information can be obtained by contacting Eric Adelsberger, who serves as Financial Advisor, 2626 County Road 18, Bellefontaine, Ohio 43311.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

**18. INSURANCE PURCHASING POOLS**

**Ohio School Boards Association Workers' Compensation Group Rating Program** - The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program'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 Districts pay an enrollment fee to the Program to cover the costs of administering the program.

The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. 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 Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program 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 Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

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

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

**19. 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.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

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

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by 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 requirement to set-aside money for budget stabilization was eliminated by S.B. 345 during fiscal year 2001. The portion remaining in this set-aside is from Bureau of Workers' Compensation refunds which have been reserved for professional development.

The following cash basis information describes the change in the year-end set-aside amounts. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Bureau of Worker's Compensation Refunds</u>
Set-aside Cash Balance as of June 30, 2001	(\$30,282)	\$0	\$60,761
Current Year Set-aside Requirement	248,083	248,083	
Current Year Offsets			
Qualifying Disbursements	<u>(374,055)</u>	<u>(298,448)</u>	<u>(55,198)</u>
Total	<u>(\$156,254)</u>	<u>(\$50,365)</u>	<u>\$5,563</u>
Cash Balance Carried forward to FY 2003	<u>(\$156,254)</u>	<u>(\$50,365)</u>	<u>\$5,563</u>
Total Restricted Assets			\$5,563

The District had qualifying disbursements during the year that reduced the textbooks and capital acquisition set-aside amounts to below zero. The District may, and has chosen to carry forward the excess amount for the textbooks and capital acquisition set-asides to offset set-aside requirements of future years.

**21. STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient".

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR-ENDED JUNE 30, 2002  
(Continued)**

**22. CONTINGENCIES**

**A. Grants**

The 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 are 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 District at June 30, 2002.

**B. Litigation**

There are currently no matters in litigation with the District as defendant.

**23. SUBSEQUENT EVENT**

On January 27, 2003, the District authorized the issuance of a one year registered note in the amount of \$662,186 in anticipation of the issuance of Energy Conservation Bonds. The bonds shall be issued and dated prior to the maturity date of the notes. The purpose of this note is to install energy conservation measurers.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. Department of Agriculture</b>						
<i>(Passed through Ohio Department of Education)</i>						
Nutrition Cluster:						
Food Distribution Program	10.550	N/A		\$50,054		\$38,121
National School Lunch Program	10.555	04-PU	158,905		158,905	
School Breakfast Program	10.553	05-PU	26,369		26,369	
Summer Food Service Program	10.559	24-AD	9,962		9,962	
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>			195,236	50,054	195,236	38,121
<b>U.S. Department of Education</b>						
<i>(Passed through Ohio Department of Education)</i>						
Title 1, Part A, ESEA	84.010	C1-S1-01	18,128		52,600	
	84.010	C1-S1-01C	46,914		46,914	
	84.010	C1-S1-02	259,313		202,776	
<b>Total Title 1, Part A, ESEA</b>			324,355		302,290	
Title VI, Innovative Education Program Strategies	84.298	C2-S1-00 C	3,452		6,544	
	84.298	C2-S1-01 C	3,065		3,003	
	84.298	C2-S1-02	6,284		4,450	
<b>Total Title VI, Innovative Education Program Strategies</b>			12,801		13,997	
Eisenhower Professional Development State Grant, Title II, Part B	84.281	MS-S1-01 C	989		9,891	
	84.281	MS-S1-02	12,054		3,245	
<b>Total Eisenhower Professional Development State Grant, Title II, Part B</b>			13,043		13,136	
Continuous Improvement	84.276	G2-S2-01			8,391	
	84.276	G2-S2-02			12,510	
<b>Total Continuous Improvement</b>					20,901	
Comprehensive School Reform	84.332	RF-S2-2001	50,000		17,571	
	84.332	RF-S2-2002			30,543	
<b>Total Continuous Improvement</b>			50,000		48,114	
Class Size Reduction	84.340	CR-S1-2002	76,029		75,978	
Safe and Drug Free Schools	84.186	DR-S1-01	3,369		4,595	
	84.186	DR-S1-01 C	2,624		699	
	84.186	DR-S1-02	4,203		339	
<b>Total Safe and Drug Free Schools</b>			10,196		5,633	
<b>Total U.S. Department of Education</b>			486,424		480,049	
<b>Total Federal Financial Assistance</b>			\$681,660	\$50,054	\$675,285	\$38,121

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

**NOTE A -- BASIS OF ACCOUNTING**

The accompanying Schedule of Federal Awards Expenditures (the "Schedule") summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. Revenues are recognized when received rather than when earned, and expenditures are recorded when paid rather than when the obligation is incurred.

**NOTE B -- NUTRITION CLUSTER**

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, 2002, the District had no significant food commodities in inventory.

**NOTE C -- FEDERAL AWARDS EXPENDITURES ADMINISTERED BY OTHER GOVERNMENTS**

The School District benefited 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 Center and are audited according to the Single Audit Act (A-133) at that level. The financial activity of these federal award expenditures programs is not reflected in the accompanying Schedule of Federal Award Expenditures.

<b>FEDERAL GRANTOR/ Pass Through Grantor/ Program Titles</b>	<b>Federal CFDA Number</b>	<b>Project Number</b>	<b>Amount of Allotment</b>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
Passed though Ohio Department of Education - to Logan County Educational Service Center			
Title VI-B	84.027	G2-S2	\$176,975



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT 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 Indian Lake Local School District, Logan County, (the "District"), as of and for the year ended June 30, 2002, and have issued our report thereon dated March 21, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the 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 2002-10246-001. We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated March 21, 2003.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 21, 2003.

**Internal Control Over Financial Reporting  
(Continued)**

This report is intended for the information and use of the audit 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 21, 2003





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS 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 Indian Lake Local School District, Logan County, (the "District"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to 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, 2002.

#### 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.

**Internal Control Over Compliance  
(Continued)**

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 operations that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, 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.



**Betty Montgomery**  
Auditor of State

March 21, 2003

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED JUNE 30, 2002**

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

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

**FINDING NUMBER 2002-10246-001**

**Ohio Rev. Code Section 5705.10** states that money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. The District had negative cash fund balances throughout the year as follows:

<u>Fund</u>	<u>Month</u>	<u>Amount</u>
Food Service Fund	October 31, 2001	(\$75,237)
	December 31, 2001	(\$38,321)
	February 28, 2002	(\$59,534)
Title VI-R FY02	December 31, 2001	(\$9,692)
	February 28, 2002	(\$3,627)

The District should develop procedures to assess the cash flow needs of each fund and to identify conditions that may potentially result in a negative cash fund balance. Money should be advanced or transferred into those funds that are likely to have a negative cash fund balance.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2002

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-10246-01	Ohio Revised Code Section 5705.10	No	Not Corrected, repeated as finding 2002-10246-001.





**Auditor of State  
Betty Montgomery**

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800-282-0370

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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 15, 2003**