



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



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

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**STATE OF OHIO**



**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

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

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

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

As disclosed in Note 3, during the year ended June 30, 2001, the District adopted Governmental Accounting Statement No. 33, *Accounting and Financial Reporting for Non exchange Transactions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2002, 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.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for 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.

**Jim Petro**  
Auditor of State

January 14, 2002

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**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

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

Account Description	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	\$2,623,070	\$245,709	\$790,985	\$328,188
<b>Receivables:</b>				
Taxes	7,337,446		1,371,892	
Accounts Intergovernmental	11,146	918		
		79,414		
Advances to Other Funds	60,000			
Interfund Receivable	23,906			
Materials and Supplies Inventory	8,168			
Prepaid Items	23,604			
<b>Restricted Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	60,761			
<b>Fixed Assets:</b>				
Fixed Assets				
<b>Accumulated Depreciation:</b>				
Accumulated Depreciation				
<b>Other Debits:</b>				
Amount Available in Debt Service				
Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<u>10,148,101</u>	<u>326,041</u>	<u>2,162,877</u>	<u>328,188</u>
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	49,191	101		36,300
Accrued Wages and Benefits	1,283,958	45,073		
Compensated Absences Payable	16,819			
Interfund Payable				
Intergovernmental Payable	169,333	4,915		
Advances from Other Funds				
Deferred Revenue	6,936,308	79,414	1,285,804	6,910
Due to Students				
Notes Payable				
General Obligation Bonds Payable				
<b>Total Liabilities</b>	<u>8,455,609</u>	<u>129,503</u>	<u>1,285,804</u>	<u>43,210</u>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	25,853	2,767		136,588
Reserved for Inventory	8,168			
Reserved for Prepaid Items	23,604			
Reserved for Property Taxes	401,138		86,088	
Reserved for Advances	60,000			
Reserved for Budget Stabilization	60,761			
Unreserved:				
Unreserved, Undesignated	1,112,968	193,771	790,985	148,390
<b>Total Fund Equity and Other Credits</b>	<u>1,692,492</u>	<u>196,538</u>	<u>877,073</u>	<u>284,978</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$10,148,101</u>	<u>\$326,041</u>	<u>\$2,162,877</u>	<u>\$328,188</u>

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

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$3,265	\$113,610			\$4,104,827
				8,709,338
4,677	120			16,861
38,953				118,367
				60,000
				23,906
24,025				32,193
				23,604
				60,761
388,597		25,132,177		25,520,774
(130,401)				(130,401)
			877,073	877,073
			16,994,242	16,994,242
<u>329,116</u>	<u>113,730</u>	<u>25,132,177</u>	<u>17,871,315</u>	<u>56,411,545</u>
				85,592
40,133				1,369,164
28,385			680,162	725,366
23,906				23,906
33,816			97,608	305,672
60,000				60,000
12,644				8,321,080
	85,510			85,510
			700,000	700,000
			16,393,545	16,393,545
<u>198,884</u>	<u>85,510</u>		<u>17,871,315</u>	<u>28,069,835</u>
		25,132,177		25,132,177
222,292				222,292
(92,060)				(92,060)
				165,208
				8,168
				23,604
				487,226
				60,761
	28,220			2,274,334
<u>130,232</u>	<u>28,220</u>	<u>25,132,177</u>		<u>28,341,710</u>
<u>\$329,116</u>	<u>\$113,730</u>	<u>25,132,177</u>	<u>\$17,871,315</u>	<u>\$56,411,545</u>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
<b>Revenues:</b>						
Intergovernmental	\$5,343,926	\$676,409	\$132,772	\$92,200		\$6,245,307
Interest	256,055			885	1,510	258,450
Tuition and Fees	40,357	12,848				53,205
Rent	1,661					1,661
Extracurricular Activities		168,397				168,397
Gifts and Donations	998	300			2,482	3,780
Customer Services	4,295					4,295
Property & Other Local Taxes	6,934,013		1,326,625			8,260,638
Miscellaneous	22,863	13,820		61,000	734	98,417
<b>Total Revenues</b>	<u>12,604,168</u>	<u>871,774</u>	<u>1,459,397</u>	<u>154,085</u>	<u>4,726</u>	<u>15,094,150</u>
<b>Expenditures:</b>						
<b><u>Current:</u></b>						
<b><u>Instruction:</u></b>						
Regular	5,112,245	238,837		64,925		5,416,007
Special	1,345,647	242,812				1,588,459
Vocational	291,939					291,939
Other	232,288					232,288
<b><u>Support Services:</u></b>						
Pupils	344,176	15,000				359,176
Instructional Staff	549,610	156,414				706,024
Board of Education	16,848					16,848
Administration	898,773	17,831				916,604
Fiscal	297,861		30,749			328,610
Operation and Maintenance of Plant	1,123,720	6,493		43,325		1,173,538
Pupil Transportation	885,256	6,403		18,000		909,659
Central	210,760	60,229				270,989
Non-Instructional Services		4,036			799	4,835
Extracurricular activities	248,799	176,424			6,500	431,723
Capital Outlay		7,329		442,700		450,029
<b><u>Debt Service:</u></b>						
Debt Service - Principal			569,000			569,000
Debt Service - Interest			797,124			797,124
<b>Total Expenditures</b>	<u>11,557,922</u>	<u>931,808</u>	<u>1,396,873</u>	<u>568,950</u>	<u>7,299</u>	<u>14,462,852</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>1,046,246</u>	<u>(60,034)</u>	<u>62,524</u>	<u>(414,865)</u>	<u>(2,573)</u>	<u>631,298</u>
<b>Other Financing Sources and (Uses)</b>						
Operating Transfers In			261,412			261,412
Operating Transfers Out	(286,134)					(286,134)
Other Financing Sources			72	22,488		22,560
<b>Total Other Financing Sources (Uses)</b>	<u>(286,134)</u>		<u>261,484</u>	<u>22,488</u>		<u>(2,162)</u>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	760,112	(60,034)	324,008	(392,377)	(2,573)	629,136
<b>Fund Balance at Beginning of Year (Restated Note 3)</b>	<u>932,380</u>	<u>256,572</u>	<u>553,065</u>	<u>677,355</u>	<u>30,793</u>	<u>2,450,165</u>
<b>Fund Balance at End of Year</b>	<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>

The notes to the 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 FUND TYPES AND SIMILAR FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2001**

	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Intergovernmental	\$5,348,349	\$5,349,607	\$1,258	\$760,454	\$669,759	(\$90,695)
Interest	250,000	256,055	6,055			
Tuition and Fees	32,300	40,619	8,319	12,400	12,849	449
Rent	1,500	1,660	160			
Extracurricular Activities				207,656	167,809	(39,847)
Gifts and Donations	998	998				
Customer Services	5,000	4,295	(705)	300	300	
Property & Other Local Taxes	6,945,288	6,934,271	(11,017)			
Miscellaneous	11,000	16,786	5,786	18,476	13,820	(4,656)
<b>Total Revenues</b>	<b>12,594,435</b>	<b>12,604,291</b>	<b>9,856</b>	<b>999,286</b>	<b>864,537</b>	<b>(134,749)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	5,069,929	5,066,143	3,786	303,509	269,816	33,693
Special	1,344,630	1,344,263	367	330,312	233,959	96,353
Vocational	296,907	294,051	2,856			
Adult/Continuing						
Other	233,098	233,098				
<b>Support Services:</b>						
Pupils	349,220	349,121	99	15,000	15,000	
Instructional Staff	541,694	541,069	625	235,289	166,357	68,932
Board of Education	18,381	18,063	318			
Administration	897,810	896,666	1,144	26,000	17,831	8,169
Fiscal	301,236	300,977	259			
Operation and Maintenance of Plant	1,123,900	1,117,859	6,041	18,153	6,493	11,660
Pupil Transportation	929,525	874,434	55,091	11,775	6,403	5,372
Central	219,001	215,166	3,835	74,348	60,229	14,119
Non-Instructional Services					4,231	3,458
Extracurricular activities	248,575	248,532	43	238,126	176,424	61,702
Capital Outlay				8,425	7,329	1,096
<b>Debt Service:</b>						
Debt Service - Principal						
Debt Service - Interest						
<b>Total Expenditures</b>	<b>11,573,906</b>	<b>11,499,442</b>	<b>74,464</b>	<b>1,268,626</b>	<b>964,072</b>	<b>304,554</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,020,529</b>	<b>1,104,849</b>	<b>84,320</b>	<b>(269,340)</b>	<b>(99,535)</b>	<b>169,805</b>
<b>Other Financing Sources and Uses</b>						
Operating Transfers In						
Proceeds from Sale of Long-Term Notes						
Refund of Prior Year Expenditures	37,283	37,283				
Advances In	11,794	10,411	(1,383)			
Other Financing Sources						
Operating Transfers Out	(349,251)	(286,133)	63,118			
Advances Out	(60,000)	(60,000)		(9,276)	(9,276)	
Other Financing Uses	(250,322)		250,322			
<b>Total Other Financing Sources (Uses)</b>	<b>(610,496)</b>	<b>(298,439)</b>	<b>312,057</b>	<b>(9,276)</b>	<b>(9,276)</b>	
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	410,033	806,410	396,377	(278,616)	(108,811)	169,805
<b>Fund Balances at Beginning of Year</b>	1,737,953	1,737,953		246,230	246,230	
Prior Year Encumbrances Appropriated	86,374	86,374		102,134	102,134	
<b>Fund Balance at end of Year</b>	<b>\$2,234,360</b>	<b>\$2,630,737</b>	<b>\$396,377</b>	<b>\$69,748</b>	<b>\$239,553</b>	<b>\$169,805</b>

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

Debt Service			Capital Projects			Expendable Trust		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$36,000	\$132,771	\$96,771	\$100,837	\$99,110	(\$1,727)	1,600	1,510	(90)
			13,350	885	(12,465)			
						2,850	2,482	(368)
1,365,000	1,336,573	(28,427)	61,000	61,000		1,000	734	(266)
<u>1,401,000</u>	<u>1,469,344</u>	<u>68,344</u>	<u>175,187</u>	<u>160,995</u>	<u>(14,192)</u>	<u>5,450</u>	<u>4,726</u>	<u>(724)</u>
			65,376	64,925	451			
			8,637		8,637			
35,000	30,748	4,252	43,325	43,325				
			18,000	18,000				
						3,732	799	2,933
						32,511	6,500	26,011
			571,904	562,065	9,839			
569,000	569,000							
797,145	797,123							
<u>1,401,145</u>	<u>1,396,871</u>	<u>4,274</u>	<u>707,242</u>	<u>688,315</u>	<u>18,927</u>	<u>36,243</u>	<u>7,299</u>	<u>28,944</u>
(145)	72,473	72,618	(532,055)	(527,320)	4,735	(30,793)	(2,573)	28,220
228,000	261,411	33,411	22,488	22,488				
135,000		(135,000)						
	72	72	(22,488)	(22,488)				
			(162,901)		(162,901)			
<u>363,000</u>	<u>261,483</u>	<u>(101,517)</u>	<u>(162,901)</u>		<u>(162,901)</u>			
362,855	333,956	(28,899)	(694,956)	(527,320)	167,636	(30,793)	(2,573)	28,220
457,029	457,029		647,993	647,993		30,793	30,793	
			70,927	70,927				
<u>\$819,884</u>	<u>\$790,985</u>	<u>(\$28,899)</u>	<u>\$23,964</u>	<u>\$191,600</u>	<u>\$167,636</u>	<u>\$0</u>	<u>\$28,220</u>	<u>\$28,220</u>

**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, 2001**

<b>Operating Revenues:</b>	
Sales	\$435,833
Charges for Services	1,690
Other Revenues	<u>2,144</u>
<b>Total Operating Revenues</b>	<u>439,667</u>
<b>Operating Expenses:</b>	
Salaries	247,224
Fringe Benefits	110,571
Purchased Services	16,664
Materials and Supplies	347,009
Depreciation	19,380
Other	<u>428</u>
<b>Total Operating Expenses</b>	<u>741,276</u>
<b>Operating (Loss)</b>	<u>(301,609)</u>
<b>Non-Operating Revenues:</b>	
Federal Donated Commodities	45,801
Federal and State Subsidies	<u>173,257</u>
<b>Total Non-Operating Revenues</b>	<u>219,058</u>
Net (Loss) Before Transfers	(82,551)
Operating Transfers-In	<u>24,722</u>
Net (Loss)	(57,829)
Retained Earnings at Beginning of Year	<u>(34,231)</u>
Retained Earnings at End of Year	<u>(92,060)</u>
Contributed Capital at Beginning of Year (Restated Note 3)	<u>222,292</u>
Contributed Capital at End of Year	<u>222,292</u>
<b>Total Fund Equity at End of Year</b>	<u><u>\$130,232</u></u>

*The notes to the 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, 2001**

<b>Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Sales	\$435,175
Cash Received from Charges for Services	1,690
Other Cash Receipts	2,144
Cash Payments to Suppliers for Goods & Service	(302,660)
Cash Payments for Contract Services	(16,664)
Cash Payments for Employee Services	(241,622)
Cash Payments for Employee Benefits	(107,836)
Other Cash Payments	(428)
Net Cash Provided by (Used for) Operating Activities	<u>(230,201)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Operating Grants Received	156,368
Operating Advances In	65,000
Operating Transfers In	24,722
Operating Advances Out	(6,134)
Net Cash Provided by Noncapital Financing Activities	<u>239,956</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Payments for Capital Acquisitions	<u>(7,378)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,378)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,377
Cash & Cash Equivalents at Beginning of Year	<u>888</u>
<b>Cash &amp; Cash Equivalents at End of Year</b>	<u><u>3,265</u></u>
<b>Reconciliation of Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities:</b>	
<b>Operating (Loss)</b>	(301,609)
<b>Adjustments to Reconcile Operating (loss) To Net Cash Provided by (Used for) Operating Activities:</b>	
Depreciation	19,380
Donated Commodities Used During the Year	45,801
Non-Cash Transactions	1,172
<b>(Increase) Decrease in Assets:</b>	
Accounts Receivable	(658)
Material and Supplies Inventory	(3,089)
<b>Increase (Decrease) in Liabilities:</b>	
Compensated Absences Payable	7,156
Intergovernmental Payable	3,199
Deferred Revenue	465
Accrued Wages and Benefits	(2,018)
Total Adjustments	<u>71,408</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u><u>(\$230,201)</u></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**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

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

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

The School District was established in 1962 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 110 square miles. It is located in Logan County, and includes all of the Village of Russells Point, Village of Lakeview, and Village of Huntsville. The School District is the 260th largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by 91 non-certificated employees, 141 certificated full-time teaching personnel and 12 administrative employees who provide services to 2,035 students and other community members. The School District currently operates two elementary school buildings, one middle school building, and one comprehensive high school building, which includes the administrative offices, and one bus garage.

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

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

The School District is associated with three jointly governed organizations (Western Ohio Computer Organization, Ohio Hi-Point Joint Vocational School, and West Central Special Education Regional Resource Center), one related organization (Logan County District Library), and two insurance purchasing pools (Ohio School Boards Association Worker's Compensation Group Rating Plan and Logan County Schools Benefit Plan Association). These organizations are presented in Notes 18, 19, and 20 to the general-purpose financial statements.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

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

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

**1. Governmental Fund Types:**

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

**General Fund**

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

**Special Revenue Funds**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**Debt Service Fund**

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

**Capital Projects Funds**

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

**2. Proprietary Fund Types:**

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

**Enterprise Funds**

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

**3. Fiduciary Fund Types:**

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

**4. Account Groups:**

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

**General Fixed Assets Account Group**

This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**General Long-Term Obligations Account Group**

This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

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

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

All proprietary fund types are 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. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. 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 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 and the resources are available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income 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 income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements, and donations is recognized 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 School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also 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.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Process**

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

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

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

**1. Tax Budget:**

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

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**2. Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

**3. Appropriations:**

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

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

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

**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.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**5. Lapsing of Appropriations:**

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

**D. Cash and Cash Equivalents**

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

During fiscal year 2001, investments were limited to repurchase agreements and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$256,055, which includes \$89,619 assigned from other School District funds.

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

**E. Inventory**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of 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 School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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

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

Contributed capital represents resources from other funds, other governments, and private resources provided to proprietary funds and is not subject to repayment. These assets are recorded at their fair market value on the date contributed.

Because the School 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. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**Entitlements**

**General Fund**

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

**Special Revenue Funds**

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

**Debt Service Fund**

- State Property Tax Relief

**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
- 2001 School Reading Improvement Incentive Award
- Safe School Help Line
- School-to-Work Grant
- Middle School Comprehensive School Reform Grant
- Middle School Library Automation Grant
- District Comprehensive School Reform Grant
- Raising the Bar Grant
- School Net Training Grant

**Capital Projects Funds**

- School Net

**Reimbursable Grants**

**Special Revenue Funds**

- E-rate

**Proprietary Funds**

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

Grants and entitlements amounted to approximately 42 percent of the School District's operating revenue during the 2001 fiscal year.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**I. Interfund Assets/Liabilities**

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

**J. Compensated Absences**

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

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

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(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 Worker's Compensation refunds whose use is restricted by State statute.

**N. Fund Balance Reserves**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute for Bureau of Worker's Compensation refunds.

**O. Estimates**

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

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

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

**3. CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. Statement No. 36 did not have a material impact on the financial statements.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**4. RESTATEMENT OF FUND EQUITY**

**A. Adoption of GASB Statement No. 33.**

The restatement for GASB Statement No. 33 had the following effect on fund balance as it was previously reported as of June 30, 2000.

	<b>Special Revenue</b>
Fund Balance as Previously Reported	\$263,221
Intergovernmental Revenue	(6,649)
Restated Fund Balance at June 30, 2000	<b>\$256,572</b>

The restatement had the following effect on the excess of revenues over expenditures as previously reported for the fiscal year ended June 30, 2000.

	<b>Special Revenue</b>
Excess as Previously Reported	(\$105,367)
Intergovernmental Revenue	(6,649)
Restated Amount for the Fiscal Year Ended June 30, 2000	<b>(\$112,016)</b>

**5. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

At June 30, 2001, the Special Revenue Title I fund had a deficit balance of \$14,024, which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

The District had several negative cash fund balances at October 31, 2000 which violated the requirements of Ohio Rev. Code Section 5705.10.

**6. BUDGETARY BASIS OF ACCOUNTING**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

- 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 for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budget Basis	\$806,410	(\$108,811)	\$333,956	(\$527,320)	(\$2,573)
Net Adjustment for Revenue Accruals	(34,178)	7,237	(9,948)	(6,910)	
Net Adjustment for Expenditure Accruals	(117,959)	26,107		(17,223)	
Net Adjustment for Other Sources/Uses	46,361	9,277		22,488	
Adjustment for Encumbrances	59,478	2,964		136,588	
GAAP Basis	<u>\$760,112</u>	<u>(\$60,034)</u>	<u>\$324,008</u>	<u>(\$392,377)</u>	<u>(\$2,573)</u>

**7. DEPOSITS AND INVESTMENTS**

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

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

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

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  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

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

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

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

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

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

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**Deposits:** At fiscal year end, the carrying amount of the School District's deposits was \$1,345,674 and the bank balance was \$2,012,158. Of the bank balance, \$383,300 was covered by federal depository insurance and \$1,628,858 was uninsured and uncollateralized.

Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

<u>Investments:</u>	<u>Category 3</u>	<u>Cost</u>	<u>Fair Value</u>
Repurchase Agreement	\$313,417	\$313,417	\$313,417
STAR Ohio		2,506,302	2,506,302
Total	<u>\$313,417</u>	<u>\$2,819,719</u>	<u>\$2,819,719</u>

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

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$4,165,588	\$0
Cash on Hand	(195)	
Investments:		
STAR Ohio	(2,506,302)	2,506,302
Repurchase Agreement	(313,417)	313,417
GASB Statement No. 3	<u>\$1,345,674</u>	<u>\$2,819,719</u>

**8. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**8. PROPERTY TAXES (Continued)**

Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

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

The School District receives property taxes from Logan County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001 are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2001. 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, 2001, was \$401,138 in the General Fund and \$86,088 in the Bond Retirement Debt Service Fund.

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

	<b>2001 Second-Half Collections</b>		<b>2002 First-Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$190,552,470	81.95%	\$195,443,950	83.3%
Public Utility	15,582,340	6.7%	15,590,350	6.64%
Tangible Personal Property	<u>26,390,950</u>	<u>11.35%</u>	<u>23,592,945</u>	<u>10.06%</u>
Total Assessed Value	<u>\$232,525,760</u>	<u>100.00%</u>	<u>\$234,627,245</u>	<u>100.00%</u>
Tax rate per \$1,000 of Assessed valuation	\$53.20		\$52.80	

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**9. RECEIVABLES**

Receivables at June 30, 2001, consisted of both property taxes, accounts (rent, billings for user charged services, and student fees). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	<b>Amounts</b>
General Fund	
Taxes	\$7,337,446
Accounts	11,146
Interfund	23,906
Special Revenue Funds	
Accounts	918
Intergovernmental	79,414
Debt Service	
Taxes	1,371,892
Enterprise Funds	
Accounts	4,677
Intergovernmental	38,953
Agency Funds	
Accounts	120
Total Receivables	<b>\$8,868,472</b>

**10. FIXED ASSETS**

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

Furniture and Equipment	\$388,597
Less: Accumulated Depreciation	(130,401)
Net Fixed Assets	<b>\$258,196</b>

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

<b>Asset Category</b>	<b>Balance at 6/30/00</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at 6/30/01</b>
Land and Improvements	\$ 2,117,314	\$ 0	\$ 0	\$ 2,117,314
Buildings and Improvements	18,154,654	54,491	0	18,209,145
Furniture and Equipment	2,820,454	642,365	71,348	3,391,471
Vehicles	1,331,377	145,164	62,294	1,414,247
Totals	<b>\$24,423,799</b>	<b>\$842,020</b>	<b>\$133,642</b>	<b>\$25,132,177</b>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**11. RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive commercial insurance coverage for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

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

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

The District's general liability policy has a limit of \$5,000,000 aggregate, which includes coverage for employee errors and omissions and professional liability.

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

**B. Workers Compensation**

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**C. Health Insurance**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**12. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to 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. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614)222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2001, 4.2 percent was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$69,556, \$94,689, and \$140,833, respectively; 60 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$138,518 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614)227-4090.

Plan members are required to contribute 9.3 percent of the annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligation, for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$564,160, \$340,659, and \$316,420, respectively; 83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$139,348 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**C. Social Security System**

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

**13. POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$267,234.

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

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

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the District, the amount to fund health care benefits, including the surcharge, was \$ 174,311 for fiscal year 2001.

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**14. EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**B. Life Insurance**

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

**15. LONG-TERM OBLIGATIONS**

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

	<u>Balance at July 1, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at June 30, 2001</u>
Energy Conservation Note	\$90,000		\$30,000	\$60,000
1998 Construction and Improvement Bonds	4,815,000		35,000	4,780,000
1998 Capital Appreciation	213,074	\$32,372		245,446
1996 Construction and Improvement Bonds	10,090,000		320,000	9,770,000
1996 Capital Appreciation	1,331,275	93,824		1,425,099
Tax Anticipation Notes	800,000		160,000	640,000
School Bus Bonds	197,000		24,000	173,000
Long-Term Bonds	<u>\$17,536,349</u>	<u>\$126,196</u>	<u>\$569,000</u>	<u>\$17,093,545</u>
Pension Obligation	74,260	23,348		97,608
Compensated Absences	754,772		74,560	680,162
Total Long-Term Obligations	<u>\$18,365,381</u>	<u>\$149,544</u>	<u>\$643,560</u>	<u>\$17,871,315</u>

**General Obligation Bonds** - On March 1, 1998, the School 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.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

The Current Interest Term Bonds maturing December 1, 2025, are subject to a 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.

The Current Interest Bonds maturing after December 1, 2008, are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any interest payment date on or after December 1, 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.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

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 2001, \$32,372 was accreted for a total bond value of \$245,446.

On February 1, 1996, the School 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 a 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.

The Current Interest Bonds maturing after December 1, 2006, are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any interest payment date on or after December 1, 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.

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

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 2001, \$93,824 was accreted for a total bond value of \$1,425,099.

**School Bus Bonds** - The School District issued unvoted obligation bonds for the purchase of school buses. The bonds were issued for a ten-year period with final maturity at April 15, 2007. The bonds will be retired from the debt service fund.

**Energy Conservation Note** - The School District issued unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten-year period with final maturity at June 1, 2003. The loan will be retired from the debt service fund.

**Tax Anticipation Notes** - The School 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 School District's voted legal debt margin was \$10,734,446 with an unvoted debt margin of \$23,463 at June 30, 2001.

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

<b>Fiscal year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2002	460,000	775,136	1,235,136
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
2007-2011	2,853,988	3,661,379	6,515,367
2012-2016	2,330,833	5,110,592	7,441,425
2017-2021	5,017,724	2,062,765	7,080,489
2022-2026	4,215,000	413,235	4,628,234
Total	<u>17,093,545</u>	<u>14,883,248</u>	<u>31,976,792</u>

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

At June 30, 2001, the Food Service and the Uniform School Supply Enterprise Fund had interfund payables in the amounts of \$21,313 and \$2,593 respectively. The General Fund has an interfund receivable of \$23,906. The General Fund has an advance to other funds in the amount of \$60,000 which is owed by the Enterprise Food Service Fund.

**17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

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

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$399,489	\$40,178	\$439,667
Depreciation Expense	19,380		19,380
Operating Income (Loss)	(304,718)	3,109	(301,609)
Donated Commodities	45,801		45,801
Operating Grants	137,204		173,257
Operating Transfer In	24,722		24,722
Net Income (Loss)	(60,938)	3,109	(57,829)
Net Working Capital	(133,748)	5,784	(127,964)
Total Assets	320,738	8,378	329,116
Total Liabilities	196,291	2,593	198,884
Total Equity	124,448	5,784	130,232

**18. JOINTLY GOVERNED ORGANIZATIONS**

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

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

**Ohio Hi-Point Joint Vocational School District** - The Ohio Hi-Point Joint Vocational School District is a distinct political subdivision of the State of Ohio, 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 District, R. Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311-9594.

**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 direct 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, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

**19. PUBLIC ENTITY RISK POOLS**

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

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

**20. 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  
JUNE 30, 2001  
(Continued)**

**21. CONTINGENCIES - GRANTS**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

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

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

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization, which was eliminated by S.B. 345 during fiscal year 2000.

	<u>Textbooks</u>	<u>Capital Improvement</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2000			\$215,992	\$215,992
Transfer to Undesignated General Fund (Per Senate Bill 345)			(155,231)	(155,231)
Current Year Set-aside Requirement	\$264,638	\$264,638		529,276
Current Year Offsets	(19,566)			(19,566)
Qualifying Disbursements	(275,354)	(478,770)		(754,124)
Total	<u>(\$30,282)</u>	<u>(\$214,132)</u>	<u>\$60,761</u>	
Balance Carried Forward to FY 2002	<u>(\$30,282)</u>	<u>0</u>	<u>\$60,761</u>	
Amount restricted for Budget Stabilization				<u>\$60,761</u>
Total Restricted Assets				<u>\$60,761</u>

The School District had qualifying disbursements during the year that reduced the textbooks set-aside amounts to below zero. The School District may, and has chosen to, carry forward the excess amount for the textbooks set-aside to offset set-aside requirements of future years. The excess in the Capital Improvement set-aside may not be carried forward.

The balance carried forward for budget stabilization represents the refunds from the Bureau of Worker's Compensation. The use of these funds is restricted by S.B. 345.

**23. STATE SCHOOL FUNDING DECISION**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**23. STATE SCHOOL FUNDING DECISION (Continued)**

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution was not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision will result in an increase in State funding for most Ohio school districts. However, as of January 14, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Supreme Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

INDIAN LAKE LOCAL SCHOOLS

LOGAN COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED June 30, 2001

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$58,445		\$45,801
National School Lunch Program	04-PU	10.555	125,999		125,999	
School Breakfast Program	05-PU	10.553	19,992		19,992	
Summer Food Service Program	24-AD	10.559	1,745		1,745	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>147,736</u>	<u>58,445</u>	<u>147,736</u>	<u>45,801</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title 1, Part A, ESEA	C1-S1	84.010	76,019		78,536	
	C1-S1	84.010			14,788	
	C1-S1	84.010	<u>214,220</u>		<u>179,748</u>	
Total Title 1, Part A, ESEA			<u>290,239</u>		<u>273,072</u>	
Innovative Education Program Strategies	C2-S1	84.298			2,515	
	C2-S1	84.298	3,989		3,989	
	C2-S1	84.298	<u>1,839</u>			
Total Innovative Education Program Strategies			<u>5,828</u>		<u>6,504</u>	
Special Education Grants to States	6B-SF	84.027			5,565	
					<u>5,565</u>	
Eisenhower Professional State Grant	MS-S1	84.281	8,902			
Safe and Drug Free Schools	DR-S1	84.186	2,568		1,342	
Continuous Improvement	G2-S2	84.276	21,000		12,609	
	G2-S2	84.276	<u>14,000</u>			
Total Continuous Improvement			<u>35,000</u>		<u>12,609</u>	
Technology Literacy Challenge Fund Grant	TF-S1	84.318			62,051	
Class Size Reduction	CR-S1	84.340	54,014		54,014	
	CR-S1	84.340	<u>6,151</u>		<u>17,913</u>	
Total Class Size Reduction			<u>60,165</u>		<u>71,927</u>	
Comprehensive School Reform	RF-S1	84.332			22,427	
	RF-S1	84.332			<u>31,957</u>	
Total Comprehensive School Reform					<u>54,384</u>	
Total Department of Education			<u>402,702</u>		<u>487,454</u>	
<b><u>U.S. DEPARTMENT OF LABOR</u></b>						
School-To-Work	WK-BE	17.249	91,923		107,922	
<b><u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u></b>						
<i>Passed Through State Library of Ohio:</i>						
Library Automation Grant	I-8-00	45.310	<u>1,623</u>	<u>0</u>	<u>1,623</u>	<u>0</u>
<b>Total Federal Financial Assistance</b>			<u>\$643,984</u>	<u>\$58,445</u>	<u>\$744,735</u>	<u>\$45,801</u>

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  
JUNE 30, 2001**

**NOTE A - BASIS OF ACCOUNTING**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the School 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**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

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

The School District benefitted from other federal award expenditure programs which were passed through the State Department of Education to the Logan County Educational Service Center. These programs are administered by the Logan County Educational Service 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 Expenditure</b>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
Passed though Ohio Department of Education - to Logan County Educational Service Center			
Eisenhower Professional Development State Grants	84.281	MS-S1	\$10,294
Drug Free Schools and Communities	84.186	DR-S1	2,134
Title VI-B	84.027	G2-S2	155,402



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

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

To the Board of Education:

We have audited the financial statements of the Indian Lake Local School District (the District), Logan County, as of and for the year ended June 30, 2001, and have issued our report thereon dated January 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the 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 2001-10246-001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 14, 2002.

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

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.

**Jim Petro**  
Auditor of State

January 14, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of Indian Lake Local School District (the District), Logan County, 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, 2001. 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, 2001.

**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 operation that we consider to be material weaknesses.

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

**Jim Petro**  
Auditor of State

January 14, 2002

**INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

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

INDIAN LAKE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001

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

**Finding Number 2001-10246-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 5705.10** states that money that is paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover expenses of another fund.

The School District had negative fund balances in the following funds at October 30, 2000:

Enterprise Food Service Fund in the amount of \$45,079.

Special Revenue Title I in the amount of \$5,560.

Special Revenue Title VI-R (FY00) in the amount of \$3,240.

Special Revenue School to Work Grant in the amount of \$10,349.

Special Revenue Title VI-R (FY01) in the amount of \$8,848.

Expenditures were made from the above noted funds without advancing money from another fund to cover the obligations.

The School District Board and/or the Audit Committee should implement review procedures to monitor revenues and expenditures to help prevent negative fund balances. If funds are not available at the time an obligations is incurred, the District should advance from another fund to cover the expenses of the indebted fund.

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

None



STATE OF OHIO  
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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  
FEBRUARY 12, 2002**