



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Benjamin Logan Local School District
Logan County
4626 County Road 26
Bellefontaine, Ohio 43311

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

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 Benjamin Logan Local School District, Logan County, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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

JIM PETRO
Auditor of State

December 10, 1999

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,380,741	\$292,755	\$413,914	\$125,849
Cash and Cash Equivalents:				
With Fiscal Agents	0	17,259	0	0
Receivables:				
Taxes	5,174,597	0	1,437,223	0
Accounts	15,759	389	0	0
Intergovernmental	0	0	0	0
Accrued Interest	5,358	0	0	0
Materials and Supplies Inventory	54,667	0	0	0
Prepaid Items	51,254	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	56,366	0	0	0
Fixed Assets	0	0	0	0
Accumulated Depreciation	0	0	0	0
Other Debits:				
Amount Available in Debt Service for				
Retirement of General Long-Term Obligations	0	0	0	0
Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$6,738,742</u>	<u>\$310,403</u>	<u>\$1,851,137</u>	<u>\$125,849</u>
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$50,657	\$37,113	\$0	\$125
Accrued Wages and Benefits	862,686	21,951	0	0
Compensated Absences Payable	26,807	0	0	0
Intergovernmental Payable	154,204	3,869	0	0
Deferred Revenue	4,966,813	0	1,358,722	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>6,061,167</u>	<u>62,933</u>	<u>1,358,722</u>	<u>125</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved:				
Reserved for Encumbrances	48,385	143,142	0	605
Reserved for Inventory	54,667	0	0	0
Reserved for Prepaid Items	51,254	0	0	0
Reserved for Debt Service Principal	0	0	413,914	0
Reserved for Property Taxes	207,784	0	78,501	0
Reserved for Budget Stabilization	56,366	0	0	0
Unreserved:				
Unreserved, Undesignated	259,119	104,328	0	125,119
Total Fund Equity and Other Credits	<u>677,575</u>	<u>247,470</u>	<u>492,415</u>	<u>125,724</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$6,738,742</u>	<u>\$310,403</u>	<u>\$1,851,137</u>	<u>\$125,849</u>

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

Proprietary Fund Types	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$190,230	\$79,687	\$0	\$0	\$2,483,176
0	0	0	0	17,259
0	0	0	0	6,611,820
84	1,571	0	0	17,803
11,055	0	0	0	11,055
398	0	0	0	5,756
12,017	0	0	0	66,684
0	0	0	0	51,254
0	0	0	0	56,366
365,809	0	25,195,433	0	25,561,242
(173,008)	0	0	0	(173,008)
0	0	0	492,415	492,415
0	0	0	13,704,541	13,704,541
<u>\$406,585</u>	<u>\$81,258</u>	<u>\$25,195,433</u>	<u>\$14,196,956</u>	<u>\$48,906,363</u>
\$2,240	\$4,760	\$0	\$0	\$94,895
27,411	0	0	0	912,048
23,120	0	0	1,043,735	1,093,662
29,711	0	0	90,000	277,784
5,942	0	0	0	6,331,477
0	74,557	0	0	74,557
0	0	0	13,063,221	13,063,221
<u>88,424</u>	<u>79,317</u>	<u>0</u>	<u>14,196,956</u>	<u>21,847,644</u>
0	0	25,195,433	0	25,195,433
234,625	0	0	0	234,625
83,536	0	0	0	83,536
0	366	0	0	192,498
0	0	0	0	54,667
0	0	0	0	51,254
0	0	0	0	413,914
0	0	0	0	286,285
0	0	0	0	56,366
0	1,575	0	0	490,141
<u>318,161</u>	<u>1,941</u>	<u>25,195,433</u>	<u>0</u>	<u>27,058,719</u>
<u>\$406,585</u>	<u>\$81,258</u>	<u>25,195,433</u>	<u>\$14,196,956</u>	<u>\$48,906,363</u>

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Intergovernmental	\$4,910,296	\$507,525	\$108,750	\$173,588	\$0	\$5,700,159
Interest	143,780	0	0	0	0	143,780
Tuition and Fees	88,724	0	0	0	0	88,724
Rent	1,417	0	0	0	0	1,417
Extracurricular Activities	0	200,675	0	0	0	200,675
Gifts and Donations	3,220	5,210	0	0	2,100	10,530
Property & Other Local Taxes	5,049,296	0	1,615,631	0	0	6,664,927
Miscellaneous	18,404	5,018	0	0	0	23,422
Total Revenues	10,215,137	718,428	1,724,381	173,588	2,100	12,833,634
Expenditures:						
Current:						
Instruction:						
Regular	4,224,116	58,977	0	80,465	1,273	4,364,831
Special	889,502	246,157	0	0	0	1,135,659
Vocational	486,325	5,568	0	0	0	491,893
Other	46,718	0	0	0	0	46,718
Support Services:						
Pupils	335,706	117,679	0	0	0	453,385
Instructional Staff	295,891	14,065	0	8,964	0	318,920
Board of Education	7,826	0	0	0	0	7,826
Administration	868,313	0	0	0	0	868,313
Fiscal	237,374	0	31,758	0	0	269,132
Operation and Maintenance of Plant	1,013,320	0	0	0	0	1,013,320
Pupil Transportation	828,670	0	0	0	0	828,670
Central	82,106	1,500	0	0	0	83,606
Extracurricular activities	226,142	89,517	0	0	0	315,659
Capital Outlay	42,335	0	0	0	0	42,335
Debt Service:						
Debt Service - Principal	0	0	940,000	0	0	940,000
Debt Service - Interest	0	0	664,340	0	0	664,340
Total Expenditures	9,584,344	533,463	1,636,098	89,429	1,273	11,844,607
Excess of Revenues Over (Under) Expenditures	630,793	184,965	88,283	84,159	827	989,027
Other Financing Sources and (Uses)						
Proceeds from Sale of Fixed Assets	0	1,918	0	0	0	1,918
Refund of Prior Year Expenditures	3,658	160	0	0	0	3,818
Other Financing Sources	333	0	0	0	0	333
Total Other Financing Sources (Uses)	3,991	2,078	0	0	0	6,069
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	634,784	187,043	88,283	84,159	827	995,096
Fund Balance at Beginning of Year	42,791	60,427	404,132	41,565	1,114	550,029
Fund Balance at End of Year	\$ 677,575	\$ 247,470	\$ 492,415	\$ 125,724	\$ 1,941	\$ 1,545,125

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

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

	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$4,547,000	\$4,904,183	\$357,183	\$489,692	\$475,011	(\$14,681)
Interest	100,000	138,422	38,422	0	0	0
Tuition and Fees	74,500	88,672	14,172	0	0	0
Rent	2,000	1,417	(583)	0	0	0
Extracurricular Activities	0	0	0	214,920	200,446	(14,474)
Gifts and Donations	0	3,220	3,220	24,160	5,210	(18,950)
Property & Other Local Taxes	4,690,000	5,045,045	355,045	0	0	0
Miscellaneous	21,500	22,887	1,387	3,505	5,018	1,513
Total Revenues	9,435,000	10,203,846	768,846	732,277	685,685	(46,592)
Expenditures:						
Current:						
Instruction:						
Regular	4,321,399	4,300,486	20,913	193,509	162,285	31,224
Special	954,475	914,113	40,362	265,322	235,651	29,671
Vocational	532,580	491,112	41,468	17,070	5,568	11,502
Other	47,800	46,718	1,082	0	0	0
Support Services:						
Pupils	378,550	355,400	23,150	176,085	118,144	57,941
Instructional Staff	311,270	304,342	6,928	40,859	14,245	26,614
Board of Education	10,350	7,827	2,523	0	0	0
Administration	903,680	870,661	33,019	0	0	0
Fiscal	265,784	242,808	22,976	0	0	0
Operation and Maintenance of Plant	1,064,478	1,022,051	42,427	0	0	0
Pupil Transportation	925,695	849,109	76,586	0	0	0
Central	92,725	75,745	16,980	4,000	1,500	2,500
Extracurricular activities	236,900	228,669	8,231	115,459	94,578	20,881
Capital Outlay	51,600	42,335	9,265	0	0	0
Debt Service:						
Debt Service - Principal	0	0	0	0	0	0
Debt Service - Interest	0	0	0	0	0	0
Total Expenditures	10,097,286	9,751,376	345,910	812,304	631,971	180,333
Excess of Revenues Over (Under) Expenditures	(662,286)	452,470	1,114,756	(80,027)	53,714	133,741
Other Financing Sources and Uses						
Proceeds from Sale of Fixed Assets	0	0	0	0	1,918	1,918
Refund of Prior Year Expenditures	0	850	850	0	0	0
Other Financing Sources	0	333	333	0	0	0
Total Other Financing Sources (Uses)	0	1,183	1,183	0	1,918	1,918
Excess of Rev and Other over Exp and Other...	(662,286)	453,653	1,115,939	(80,027)	55,632	135,659
Fund Balances at Beginning of Year	801,288	801,288	0	62,633	62,633	0
Prior Year Encumbrances Appropriated	112,286	112,286	0	28,390	28,390	0
Fund Balance at end of Year	\$251,288	\$1,367,227	\$1,115,939	\$10,996	\$146,655	\$135,659

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

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

	Debt Service			Capital Projects		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$100,000	\$108,750	\$8,750	\$173,588	\$173,588	\$0
Interest	0	0	0	0	0	0
Tuition and Fees	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Property & Other Local Taxes	1,460,000	1,609,198	149,198	0	0	0
Miscellaneous	0	0	0	0	0	0
Total Revenues	1,560,000	1,717,948	157,948	173,588	173,588	0
Expenditures:						
Current:						
Instruction:						
Regular	0	0	0	201,738	86,018	115,720
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Other	0	0	0	0	0	0
Support Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	18,364	8,839	9,525
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	40,000	31,758	8,242	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Extracurricular activities	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Debt Service - Principal	940,250	940,000	250	0	0	0
Debt Service - Interest	664,340	664,340	0	0	0	0
Total Expenditures	1,644,590	1,636,098	8,492	220,102	94,857	125,245
Excess of Revenues Over (Under) Expenditures	(84,590)	81,850	166,440	(46,514)	78,731	125,245
Other Financing Sources and Uses						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Excess of Rev and Other over Exp and Other...	(84,590)	81,850	166,440	(46,514)	78,731	125,245
Fund Balances at Beginning of Year	332,062	332,062	0	41,316	41,316	0
Prior Year Encumbrances Appropriated	0	0	0	5,198	5,198	0
Fund Balance at end of Year	\$247,472	\$413,912	\$166,440	\$0	\$125,245	\$125,245

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

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

	Expendable Trust			Totals (Memorandum Only)		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$0	\$0	\$0	\$5,310,280	\$5,661,532	\$351,252
Interest	0	0	0	100,000	138,422	38,422
Tuition and Fees	0	0	0	74,500	88,672	14,172
Rent	0	0	0	2,000	1,417	(583)
Extracurricular Activities	0	0	0	214,920	200,446	(14,474)
Gifts and Donations	2,000	2,100	100	26,160	10,530	(15,630)
Property & Other Local Taxes	0	0	0	6,150,000	6,654,243	504,243
Miscellaneous	0	0	0	25,005	27,905	2,900
Total Revenues	2,000	2,100	100	11,902,865	12,783,167	880,302
Expenditures:						
Current:						
Instruction:						
Regular	3,114	1,639	1,475	4,719,760	4,550,428	169,332
Special	0	0	0	1,219,797	1,149,764	70,033
Vocational	0	0	0	549,650	496,680	52,970
Other	0	0	0	47,800	46,718	1,082
Support Services:						
Pupils	0	0	0	554,635	473,544	81,091
Instructional Staff	0	0	0	370,493	327,426	43,067
Board of Education	0	0	0	10,350	7,827	2,523
Administration	0	0	0	903,680	870,661	33,019
Fiscal	0	0	0	305,784	274,566	31,218
Operation and Maintenance of Plant	0	0	0	1,064,478	1,022,051	42,427
Pupil Transportation	0	0	0	925,695	849,109	76,586
Central	0	0	0	96,725	77,245	19,480
Extracurricular activities	0	0	0	352,359	323,247	29,112
Capital Outlay	0	0	0	51,600	42,335	9,265
Debt Service:						
Debt Service - Principal	0	0	0	940,250	940,000	250
Debt Service - Interest	0	0	0	664,340	664,340	0
Total Expenditures	3,114	1,639	1,475	12,777,396	12,115,941	661,455
Excess of Revenues Over (Under) Expenditures	(1,114)	461	1,575	(874,531)	667,226	1,541,757
Other Financing Sources and Uses						
Proceeds from Sale of Fixed Assets	0	0	0	0	1,918	1,918
Refund of Prior Year Expenditures	0	0	0	0	850	850
Other Financing Sources	0	0	0	0	333	333
Total Other Financing Sources (Uses)	0	0	0	0	3,101	3,101
Excess of Rev and Other over Exp and Other...	(1,114)	461	1,575	(874,531)	670,327	1,544,858
Fund Balances at Beginning of Year	1,114	1,114	0	1,238,413	1,238,413	0
Prior Year Encumbrances Appropriated	0	0	0	145,874	145,874	0
Fund Balance at end of Year	\$0	\$1,575	\$1,575	\$509,756	\$2,054,614	\$1,544,858

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

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

	Proprietary Fund Type
	Enterprise
Operating Revenues:	
Sales	\$466,794
Other Revenues	994
Total Operating Revenues	467,788
Operating Expenses:	
Salaries	186,124
Fringe Benefits	83,136
Purchased Services	9,739
Materials and Supplies	283,371
Depreciation	24,273
Other	6,985
Capital Outlay	488
Total Operating Expenses	594,116
Operating (Loss)	(126,328)
Non-Operating Revenues:	
Federal Donated Commodities	38,042
Interest	4,611
Federal and State Subsidies	72,819
Total Non-Operating Revenues	115,472
Net Income (Loss)	(10,856)
Retained Earnings at Beginning of Year	94,392
Retained Earnings at End of Year	\$83,536

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

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

	Proprietary Fund Type
	Enterprise
Increase/(Decrease) in Cash & Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Sales	\$466,990
Other Cash Receipts	994
Cash Payments to Suppliers for Goods & Service	(244,378)
Cash Payments for Contract Services	(9,739)
Cash Payments for Employee Services	(189,369)
Cash Payments for Employee Benefits	(62,517)
Other Cash Payments	(7,473)
Net Cash Provided by (Used for) Operating Activities	(45,492)
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	61,764
Net Cash Provided by Noncapital Financing Activities	61,764
Cash Flows from Investing Activities:	
Interest on Investments	4,213
Net Cash Provided by (Used for) Investing Activities	4,213
Net Increase (Decrease) in Cash and Cash Equivalents	20,485
Cash & Cash Equivalents at Beginning of Year	169,745
Cash & Cash Equivalents at End of Year	\$190,230
Reconciliation of Operating Income (loss) to Net Cash Provided by (Used for) Operating Activities:	
Operating (Loss)	(\$126,328)
Adjustments to Reconcile Operating (loss) To Net Cash Provided by (Used for) Operating Activities:	
Depreciation	24,273
Donated Commodities Used During the Year	38,042
(Increase) Decrease in Assets:	
Accounts Receivable	196
Material and Supplies Inventory	(1,437)
Increase (Decrease) in Liabilities:	
Compensated Absences Payable	4,978
Intergovernmental Payable	15,690
Deferred Revenue	148
Accounts Payable	2,240
Accrued Wages and Benefits	(3,294)
Total Adjustments	80,836
Net Cash Provided by (Used for) Operating Activities	(\$45,492)

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

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NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Benjamin Logan 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 1969 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 225 square miles, 201 square miles in Logan County, 18 square miles in Hardin County, and six square miles in Union County. It is located in Logan County, and includes the Villages of Belle Center, Rushsylvania, Valley High, Middleburg, West Mansfield, Zanesfield, and East Liberty. The School District is the 275th largest in the State of Ohio (among 612 school districts) in terms of enrollment. The District is staffed by 91 non-certificated employees, 124 certificated full-time teaching personnel who provide services to 2,054 students and other community members. The School District currently operates three instructional buildings and a garage building.

Reporting Entity:

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

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

The School District is associated with two organizations, which are defined as jointly governed organizations, an insurance purchasing pool, and a related organization. These organizations include the Western Ohio Computer Organization, the Ohio Hi-Point Joint Vocational School District, the Ohio School Boards Association Worker's Compensation Group Rating Plan, and the Belle Center Free Public Library. These organizations are presented in Notes 14, 15, and 16 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

A. Basis Of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

The capital project 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).

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

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.

Trust and Agency Funds

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

4. Account Groups

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

B. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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

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

Tax Budget

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

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

Estimated Resources

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

Appropriations

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

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.

Encumbrances

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

Lapsing of Appropriations

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

D. Cash and Investments

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

During fiscal year 1999, investments were limited to STAR Ohio, repurchase agreements, and certificates of deposit. 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 District had invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1999. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes.

STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general and cafeteria funds during the fiscal year 1999 amounted to \$138,422, which includes \$45,541 assigned from other school district funds.

NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

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 maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months 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.

F. Prepaid Items

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

G. Fixed Assets and Depreciation

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

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

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

H. Intergovernmental Revenues

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Teacher Development
Education Management Information Systems
Textbook/Instructional Materials Subsidy
Title I
Title VI
Title VI-B

Capital Projects Funds

School Net Plus

Reimbursable Grants

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 42 percent of the School District's operating revenue during the 1999 fiscal year.

I. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. 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 vesting method.

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

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for employees after 10 years of current service with the School District.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

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

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources.

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

L. Interfund Transactions

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

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

M. Fund Balance Reserves

The School District records reservations for portions of fund equity, which are legally segregated for 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 are established for encumbrances, inventories of supplies and materials, textbooks and instructional materials, debt service principal, budget stabilization, and prepayments. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

N. Contributed Capital

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

O. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside for budget stabilization, textbooks and instructional materials, and capital maintenance and acquisition reserves.

The textbooks and the capital reserves have several of the same characteristics. These reserves must be calculated and set-aside annually. If the set-aside is not spent in one year it is carried forward to the next year. The reserve must be represented by cash at year end.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

The reserve is calculated by multiplying the base amount by a percentage. The base amount represents the sum of certain specific prior fiscal year receipts. The percentage is phased in over three years: 2 % for fiscal year 1999, 3 % for fiscal year 2000, and 4 % for fiscal year 2001 and each year thereafter. In many cases, the amount of the required reserve may be reduced (offset) by resources received during the year whose use is restricted to the purpose of one of the reserves.

The calculations for the reserves are as follows:

Calculation of fiscal year end textbook reserve

Calculate the required amount of set-aside	
2 % of base	\$149,446
Add: Carryover from prior year	0
Subtract: Current year's qualifying expenditures	<u>(198,790)</u>
Total year end textbook reserve	<u>\$ 0</u>

During fiscal year 1999, the qualifying expenditures exceeded the required reserve amount, therefore, no textbook reserve was required for the current fiscal year.

Calculation of fiscal year end capital improvement reserve

Calculate the required amount of set-aside	
2 % of base	\$149,446
Add: Carryover from prior year	0
Subtract: Current year's qualifying expenditures	<u>(208,594)</u>
Total year end capital improvement reserve	<u>\$ 0</u>

During fiscal year 1999, the qualifying expenditures exceeded the required reserve amount, therefore, no capital improvement reserve was required for the current fiscal year.

Legislation requires that any refund or reimbursement from the Bureau of Workers' Compensation received during calendar year 1998 be used to meet the 5 % budget reserve set-aside requirement. Only after the 5 % requirement has been reached may the refund, or any portion of a refund remaining after the 5 % level has been reached, be used for another lawful purpose of the Board.

The Workers' Compensation refund is not a substitute for the 1 % contribution required for fiscal year 1999. A contribution would still be required unless the refund satisfied the 5 % requirement. A contribution of less than 1 % could be made if it is adequate to raise the reserve to the 5 % level.

The reserve for budget stabilization is 5 % of the base amount. The base amount for budget reserve is the same as the base amount for textbook and capital reserves. Annual contributions of 1 % of the base are required until the 5 % level is reached.

A contribution is not required if the base for the prior year did not grow by at least 3 %. A contribution is not required in any fiscal year in which the School District borrows against its spending reserve to avoid a deficit. The School District is not required to set aside money for budget reserve in any fiscal year in which its percentage growth in ADM equals or exceeds its percentage growth in the base used to calculate the set asides for the preceding fiscal year.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (Continued)

The amount of the reserve must be represented by cash at year end. The budget reserve may only be spent if the School District is forecasting a deficit, and the deficit was caused by one of the reasons identified in the rule or the School District's is in fiscal watch or emergency. Expenditures of the reserve require permission of the Department of Education.

During fiscal year 1998, the School District received a \$56,366 refund from the Bureau of Workers' Compensation. The 1 % contribution for fiscal year 1999 was not made because the base did not grow by at least 3 %. A fund balance reserve of \$56,366 has been established.

P. 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.

Q. 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. 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 (Budget Basis) and All Governmental Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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

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

3. BUDGETARY BASIS OF ACCOUNTING (Continued)

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	\$453,653	\$55,632	\$81,850	\$78,731	\$461
Revenue Accruals	11,291	32,743	6,433	0	0
Expenditure Accruals	97,147	(47,589)	0	4,823	0
Other Sources/Uses	2,808	160	0	0	0
Encumbrances	69,885	146,097	0	605	366
GAAP Basis	<u>\$634,784</u>	<u>\$187,043</u>	<u>\$88,283</u>	<u>\$84,159</u>	<u>\$827</u>

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of the federal government agencies or instrumentalities;

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

4. DEPOSITS AND INVESTMENTS (Continued)

- . Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4. Bonds and other obligations of the State of Ohio;
- 5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- 6. The State Treasurer's investment pool (STAR Ohio).

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

At fiscal year end, the School District had \$50 in undeposited cash on hand, which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$1,195,939 and the bank balance was \$1,297,501. Of the bank balance, \$247,501 covered by federal depository insurance and \$1,050,000 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 counter-party'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 counter-party, 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.

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

4. DEPOSITS AND INVESTMENTS (Continued)

Investments:	Category 3	Cost	Fair Value
Repurchase Agreement	\$65,488	\$65,488	\$65,488
STAR Ohio	0	1,278,065	1,278,065
Total	<u>\$65,48</u>	<u>\$1,343,553</u>	<u>\$1,343,553</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 classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$2,556,801	\$0
Cash on Hand	(50)	
Investments:		
Repurchase Agreement	(65,488)	65,488
STAR Ohio	(1,278,065)	1,278,065
GASB Statement No. 3	<u>\$1,213,198</u>	<u>\$1,343,553</u>

5. PROPERTY TAXES

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

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

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

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

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

5. PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$207,784 in the General Fund and \$78,501 in the Bond Retirement Debt Service Fund.

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

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$118,200,750	58%	\$136,602,030	60%
Public Utility	15,187,570	7%	15,048,230	7%
Tangible Personal Property	70,782,011	35%	75,094,465	33%
Total Assessed Value	\$204,170,331	100%	\$226,744,725	100%
Tax rate per \$1,000 of assessed valuation	\$36.90		\$36.90	

6. RECEIVABLES

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

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes	\$5,174,597
Accounts	15,759
Accrued Interest	5,358
Special Revenue Funds	
Accounts	389
Debt Service Fund	
Taxes	1,437,223
Enterprise Funds	
Accounts	84
Intergovernmental	11,055
Accrued Interest	398
Agency Funds	
Accounts Receivable	1,571
Total Receivables	\$6,646,434

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

7. FIXED ASSETS

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

Furniture and Equipment	\$365,809
Less: Accumulated Depreciation	(173,008)
Net Fixed Assets	\$192,801

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

Asset Category	Balance at 6/30/98	Additions	Reductions	Balance at 6/30/99
Land and Improvements	\$701,405	\$0	\$0	\$701,405
Buildings and Improvements	21,461,243	0	0	21,461,243
Furniture and Equipment	1,180,714	195,460	49,783	1,326,391
Vehicles	1,659,466	112,080	65,152	1,706,394
Totals	\$25,002,828	\$307,540	\$114,935	\$25,195,433

8. DEFINED BENEFIT PENSION PLANS

1. School Employees Retirement System

The Benjamin Logan Local School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SERS, 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 the annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion to fund pension obligations. For fiscal year 1998, 9.02 percent was 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 to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$251,016, \$223,158, and \$229,248, respectively; 53 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$118,926 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

2. State Teachers Retirement System

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

NOTES TO THE GENERAL- PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

8. DEFINED BENEFIT PENSION PLANS (Continued)

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. That report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 1999, were 9.3 percent of covered payroll for members and 14 percent for employers; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent.

Contribution rates are established by the State Teachers Retirement Board, upon recommendations 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 to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$773,660, \$695,652, and \$684,036, respectively; 84 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$124,808 representing the unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds.

C. Social Security System

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

9. 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 non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS 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 coverage paid from STRS funds is included in the employer contribution rate, currently at 14 percent of covered payroll. For fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, and increase from 3.5 percent for fiscal year 1998.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

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

9. POSTEMPLOYMENT BENEFITS (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. 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 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$127,915.

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 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million.

At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

10. 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 may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for 26.67 percent of accrued, but unused sick leave credit to a maximum of 60 days for all employees.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to all contract employees through Anthem Blue Cross Blue Shield.

11. LONG-TERM OBLIGATIONS

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

	Principal Outstanding 06/30/98	Additions	Reductions	Principal Outstanding 06/30/99
1994 New School Building	\$ 8,030,000	\$0	\$515,000	\$7,515,000
1997 New School Building	1,499,113	0	0	1,499,113
Refinancing Bonds	4,474,108	0	425,000	4,049,108
Long-Term Bonds	\$14,003,221	\$0	\$940,000	\$13,063,221
Pension Obligation	104,775	0	14,775	90,000
Compensated Absences	940,145	103,590	0	1,043,735
Total Long-Term Obligations	\$15,048,141	\$103,590	\$954,775	\$14,196,956

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

11. LONG-TERM OBLIGATIONS (Continued)

Elementary & Middle School General Obligation Bonds - On December 1, 1997, Benjamin Logan Local School District issued \$1,499,113 in voted general obligation bonds for new elementary and middle schools. The bonds were issue for an eighteen year period with final maturity at December 1, 2015 and an interest rate of 4.9823 percent. The bonds will be retired from the debt service fund. No principal payments are due until December 1, 1999.

New School General Obligation Bonds - On January 1, 1994, the Benjamin Logan Local School District issued \$9,985,000 in voted general obligation bonds for the purpose of constructing a new elementary and middle school.

The bonds were issued for a seventeen year period with final maturity at December 1, 2010 and an interest rate of 4.6917 percent. The bonds will be retired from the debt service fund.

Refinancing General Obligation Bonds - On April 15, 1993, the Benjamin Logan Local School District issued \$6,334,108 in voted general obligation bonds for the construction of a new high school building. The bonds were issued for a fifteen year period with final maturity at December 1, 2008 and an interest rate of 5.177 percent. The bonds will be retired from the debt service fund.

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

The School District's voted legal debt margin was \$7,836,219 with an unvoted debt margin of \$226,745 at June 30, 1999.

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

Fiscal year Ending June 30,	Principal	Interest	Total
2000	\$1,005,000	\$608,902	\$1,613,902
2001	1,075,000	552,531	1,627,531
2002	1,145,000	499,087	1,644,087
2003	1,205,000	445,796	1,650,796
2004	1,265,000	388,128	1,653,128
2005-2009	5,309,108	2,883,498	8,192,606
2010-2014	1,744,113	517,394	2,261,507
2015-2016	315,000	13,375	328,375
Total	<u>\$13,063,221</u>	<u>\$5,908,711</u>	<u>\$18,971,932</u>

12. 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 Benjamin Logan Local School District as of and for the fiscal year ended June 30, 1999.

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

12. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$463,098	\$4,690	\$467,788
Operating Expenses less			
Depreciation	(565,250)	(4,593)	(569,843)
Depreciation Expense	<u>(24,273)</u>	<u>0</u>	<u>(24,273)</u>
Operating Income (Loss)	(126,425)	97	(126,328)
Donated Commodities	38,042	0	38,042
Grants	72,819	0	72,819
Interest	<u>4,611</u>	<u>0</u>	<u>4,611</u>
Net Income (Loss)	<u>\$(10,953)</u>	<u>\$97</u>	<u>\$(10,856)</u>
Net Working Capital	<u>\$141,884</u>	<u>\$5,741</u>	<u>\$147,625</u>
Total Assets	<u>\$400,844</u>	<u>\$5,741</u>	<u>\$406,585</u>
Total Liabilities	\$88,424	\$0	\$88,424
Total Equity	<u>\$312,420</u>	<u>\$5,741</u>	<u>\$318,161</u>

13. RISK MANAGEMENT

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

The District's comprehensive commercial insurance coverage for real property, and building contents has a liability limit of \$27,417,808 and a 90 percent coinsurance.

The District's fleet insurance has a liability limit of \$1,000,000, \$5,000 for medical payments, and \$1,000,000 for uninsured motorists. The policy includes a \$250 deductible for collision coverage.

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

The District's health, dental, vision and life insurance is provided through Anthem Blue Cross Blue Shield.

14. JOINTLY GOVERNED ORGANIZATIONS

A. 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 various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby, and Miami Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each of the governments of these districts supports WOCO based upon a per pupil charge dependent on the software package utilized.

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

14. JOINTLY GOVERNED ORGANIZATIONS (Continued)

In accordance with GASB Statement No. 14, the School District does not have an equity interest in WOCO as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest. The WOCO is governed by a board of directors consisting of the superintendents of the member school districts and the degree of control is limited to the representation on the board. Financial information can be obtained from Sharon Waldsmith, who serves as the fiscal agent, at 129 East Court Street, 4th Floor, Sidney, Ohio 45365.

B. 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.

15. RELATED ORGANIZATION

Belle Center Free Public Library

The Belle Center Free Public 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 Benjamin Logan Local School District Board of Education.

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 Belle Center Free Public Library, Russell Millisor, Clerk/Treasurer, at 103 South Elizabeth Street, PO Box 336, Belle Center, Ohio 44310.

16. INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of GatesMcDonald & Company, provides administrative, cost control and actuarial services to the GRP.

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

17. CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended June 30, 1999, are summarized by source as follows:

	Food Service
Contributed Capital, July 1, 1998	\$234,625
Current Contributions	0
Contributed Capital, June 30, 1999	\$234,625

18. 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

19. STATE SCHOOL FOUNDATION DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 1999, the School District received \$4,541,407 of school foundation support for its general fund.

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

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

20. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

Benjamin Logan Local School District has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting. The District's school buildings have an electronically controlled heating system.

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

20. YEAR 2000 ISSUE (Continued)

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the School Asset Account System/Equipment Inventory Subsystem for its fixed asset reporting, the Ohio Uniform School Payroll System for its payroll and employee benefits, and the State's Education Management Information System for its educational statistics reporting. The District utilizes the Western Ohio Computer Organization, an external service organization to provide these services. The external service organization and the State are responsible for remediating these systems.

Logan, Hardin, and Union Counties collect property taxes for distribution to the District. The Counties are responsible for remediating their tax collection systems.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. The State is responsible for remediating this system.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Benjamin Logan Local School District is or will be Year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be year 2000 ready.

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

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disburse- ments	Non-Cash Disburse- ments
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$38,189	\$0	\$38,042
National School Lunch Program	04-PU 98	10.555	58,984	0	58,984	0
Total Department of Agriculture - Nutrition Cluster			58,984	38,189	58,984	38,042
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States (IDEA Part B)	6B-SF 98 P	84.027	75,952	0	75,952	0
Grants to Local Educational Agencies (ESEA Title I)	C1-S1 98	84.010	0	0	29,993	0
	C1-S1 99	84.010	156,802	0	128,487	0
Total ESEA Title I			156,802	0	158,480	0
Innovative Educational Program Strategies	C2-S1 99	84.298	7,403	0	7,403	0
Raising the Bar	TF-31 98 P	84.318	150,000	0	4,772	0
<i>Passed Through Ohio Hi-Point Joint Vocational School:</i>						
Goals 2000		84.276	1,579	0	1,579	0
<i>Direct Program</i>						
School to Work		17.249	35,000	0	13,521	0
Federal Excise - E-Rate		84.XXX	2,761	0	2,761	0
Total Department of Education			429,497	0	264,468	0
Totals			\$488,481	\$38,189	\$323,452	\$38,042

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

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

A. SIGNIFICANT ACCOUNTING POLICIES

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

B. FOOD DISTRIBUTION

Nonmonetary assistance, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with state grants. It is assumed that federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

C. FEDERAL E-RATE

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

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Board of Education
Benjamin Logan Local School District
Logan County
4626 County Road 26
Bellefontaine, Ohio 43311

To the Board of Education:

We have audited the financial statements of the Benjamin Logan Local School District (the District), Logan County, Ohio, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 10, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated December 10, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated December 10, 1999.

Board of Education
Benjamin Logan Local School District
Report on Compliance and on Internal Control Required by
Government Auditing Standards
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This report is intended for the information and use of the finance committee, management, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

JIM PETRO
Auditor of State

December 10, 1999



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

Board of Education
Benjamin Logan Local School District
Logan County
4626 County Road 26
Bellefontaine, Ohio 43311

To the Board of Education:

Compliance

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

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*.

Board of Education
Benjamin Logan Local School District
Report on Compliance with Requirements Applicable to Each
Major Federal Program and Internal Control over
Compliance in Accordance with *OMB Circular A-133*
Page 2

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 finance committee, management, Board of Education, and the 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

December 10, 1999

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1998-10246-001	Ohio Rev. Code 5704.41 (B) Expenditures were in excess of appropriations	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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BENJAMIN LOGAN 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
JANUARY 25, 2000**