

**LOGAN-HOCKING LOCAL SCHOOL DISTRICT
HOCKING COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

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REPORT OF INDEPENDENT ACCOUNTANTS

Logan-Hocking Local School District
Hocking County
57 South Walnut Street
Logan, Ohio 43138

To the Board of Education:

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

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

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

As described in Note 2 to the general purpose financial statements, during 1999 the District implemented Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes 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

March 10, 2000

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LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$61,077	\$271,305	\$28,502	\$132,391
Investments	1,739,845	297,278	925,078	1,302,976
Receivables (net of allowance for doubtful accounts):				
Taxes	6,206,052	0	1,251,025	271,783
Accounts	9,300	821	0	0
Intergovernmental	604	0	0	0
Interest	85,602	0	0	0
Interfund Loan Receivable	254,560	0	0	0
Inventory of Supplies at Cost	71,163	0	0	0
Prepaid Items	31,535	0	0	0
Restricted Assets:				
Investments	242,504	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$8,702,242	\$569,404	\$2,204,605	\$1,707,150
Liabilities, Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$66,454	\$30,290	\$0	\$1,200
Accrued Wages and Benefits	1,940,739	155,562	0	0
Interfund Loan Payable	0	9,442	0	209,118
Intergovernmental Payables	330,592	24,181	0	0
Due to Students	0	0	0	0
Due to Others	0	0	0	0
Deferred Revenue - Taxes	5,553,136	0	1,099,340	238,342
Deferred Revenue	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Installment Loans Payable	0	0	0	0
Capital Lease Payable	0	0	0	0
Compensated Absences Payable	0	0	0	0
Total Liabilities	7,890,921	219,475	1,099,340	448,660
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	318,521	61,959	0	343,131
Statutory Reserves	242,504	0	0	0
Reserved for Inventory of Supplies	71,163	0	0	0
Reserved for Prepaid Items	31,535	0	0	0
Reserved for Debt Service	0	0	1,105,265	0
Unreserved:				
Undesignated	147,598	287,970	0	915,359
Total Equity and Other Credits	811,321	349,929	1,105,265	1,258,490
Total Liabilities, Equity and Other Credits	\$8,702,242	\$569,404	\$2,204,605	\$1,707,150

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

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

<i>Proprietary</i>		<i>Fiduciary</i>		<i>Account</i>		<i>Totals (Memorandum Only)</i>
<i>Fund Types</i>		<i>Fund Types</i>		<i>Groups</i>		
<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Trust and Agency Funds</i>	<i>General Fixed Assets</i>	<i>General Long-Term Obligations</i>		
\$96,353	\$10,626	\$54,907	\$0	\$0		\$655,161
0	344,876	146,443	0	0		4,756,496
0	0	0	0	0		7,728,860
1,524	0	0	0	0		11,645
82,379	0	0	0	0		82,983
0	0	0	0	0		85,602
0	0	0	0	0		254,560
15,372	0	0	0	0		86,535
0	0	0	0	0		31,535
0	0	0	0	0		242,504
132,257	0	0	27,102,626	0		27,234,883
0	0	0	0	1,105,265		1,105,265
0	0	0	0	10,659,785		10,659,785
<u>\$327,885</u>	<u>\$355,502</u>	<u>\$201,350</u>	<u>\$27,102,626</u>	<u>\$11,765,050</u>		<u>\$52,935,814</u>
\$41,065	\$0	\$0	\$0	\$0		\$139,009
56,491	0	0	0	0		2,152,792
36,000	0	0	0	0		254,560
26,447	0	0	0	197,310		578,530
0	0	46,382	0	0		46,382
0	0	4,013	0	0		4,013
0	0	0	0	0		6,890,818
4,376	0	0	0	0		4,376
0	0	0	0	9,636,539		9,636,539
0	0	0	0	328,251		328,251
0	0	0	0	48,492		48,492
25,559	0	0	0	1,554,458		1,580,017
<u>189,938</u>	<u>0</u>	<u>50,395</u>	<u>0</u>	<u>11,765,050</u>		<u>21,663,779</u>
0	0	0	27,102,626	0		27,102,626
137,947	355,502	0	0	0		493,449
0	0	0	0	0		723,611
0	0	0	0	0		242,504
0	0	0	0	0		71,163
0	0	0	0	0		31,535
0	0	0	0	0		1,105,265
0	0	150,955	0	0		1,501,882
<u>137,947</u>	<u>355,502</u>	<u>150,955</u>	<u>27,102,626</u>	<u>0</u>		<u>31,272,035</u>
<u>\$327,885</u>	<u>\$355,502</u>	<u>\$201,350</u>	<u>\$27,102,626</u>	<u>\$11,765,050</u>		<u>\$52,935,814</u>

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expensible Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$5,874,213	\$0	\$1,200,053	\$262,213	\$0	\$7,336,479
Tuition	9,165	0	0	0	0	9,165
Investment Earnings	313,649	0	0	0	7,226	320,875
Extracurricular Activities	0	214,889	0	0	0	214,889
Intermediate Sources						
Intergovernmental - State	13,089,049	402,248	120,233	439,904	0	14,051,434
Intergovernmental - Federal	0	1,367,355	0	0	0	1,367,355
All Other Revenues	15,509	29,548	0	260	53,955	101,272
Total Revenues	19,301,585	2,128,507	1,320,286	702,377	63,181	23,515,936
Expenditures:						
Current:						
Instruction	10,145,772	1,304,630	0	470,582	0	11,920,984
Supporting Services:						
Pupils	1,441,496	76,575	0	0	0	1,518,071
Instructional Staff	594,558	231,985	0	304	0	826,847
Board of Education	121,936	0	0	0	0	121,936
Administration	1,580,440	209,433	0	48,700	0	1,838,573
Fiscal Services	480,471	15,124	25,276	7,833	0	528,704
Operation and Maintenance of Plant	1,818,476	0	0	75,151	0	1,893,627
Pupil Transportation	1,339,448	2,000	0	177,156	0	1,518,604
Community Services	0	41,654	0	0	0	41,654
Extracurricular Activities	287,318	193,274	0	0	10,250	490,842
Capital Outlay	92,111	0	0	398,474	0	490,585
Debt Service:						
Principal Retirements	0	0	857,547	0	0	857,547
Interest and Fiscal Charges	0	0	379,649	0	0	379,649
Total Expenditures	17,902,026	2,074,675	1,262,472	1,178,200	10,250	22,427,623
Excess (Deficiency) of						
Revenues Over (Under) Expenditures	1,399,559	53,832	57,814	(475,823)	52,931	1,088,313
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	50,000	0	50,000
Operating Transfers In	0	0	0	643,350	0	643,350
Operating Transfers Out	(643,350)	0	0	0	0	(643,350)
Other Financing Sources - Capital Lease	17,134	0	0	0	0	17,134
Total Other Financing Sources (Uses)	(626,216)	0	0	693,350	0	67,134
Excess (Deficiency) of Revenues						
and Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	773,343	53,832	57,814	217,527	52,931	1,155,447
Fund Balance Beginning of Year	41,698	296,097	1,047,451	1,040,963	98,024	2,524,233
Decrease in Inventory Reserve	(3,720)	0	0	0	0	(3,720)
Fund Balance End of Year	\$811,321	\$349,929	\$1,105,265	\$1,258,490	\$150,955	\$3,675,960

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

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 1999

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$5,802,000	\$5,803,558	\$1,558	\$0	\$0	\$0
Tuition	6,450	12,283	5,833	0	0	0
Investment Earnings	300,000	306,418	6,418	0	0	0
Extracurricular Activities	0	0	0	183,300	214,895	31,595
Intermediate Sources	0	0	0	110,768	113,717	2,949
Intergovernmental - State	13,082,708	13,089,049	6,341	402,205	402,248	43
Intergovernmental - Federal	0	0	0	1,070,872	1,367,355	296,483
All Other Revenues	13,919	15,675	1,756	27,123	29,548	2,425
Total Revenues	19,205,077	19,226,983	21,906	1,794,268	2,127,763	333,495
Expenditures:						
Current:						
Instruction	10,879,558	10,283,216	596,342	1,763,280	1,349,411	413,869
Supporting Services:						
Pupils	1,607,981	1,451,708	156,273	83,176	71,591	11,585
Instructional Staff	663,988	625,134	38,854	292,899	225,140	67,759
Board of Education	149,234	142,888	6,346	0	0	0
Administration	1,666,607	1,631,742	34,865	256,660	216,359	40,301
Fiscal Services	482,955	464,531	18,424	17,843	15,124	2,719
Operation and Maintenance of Plant	2,065,907	1,933,241	132,666	0	0	0
Pupil Transportation	1,673,413	1,347,151	326,262	2,200	2,000	200
Community Services	0	0	0	60,925	50,172	10,753
Extracurricular Activities	308,953	287,770	21,183	207,859	199,763	8,096
Capital Outlay	137,205	74,977	62,228	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	19,635,801	18,242,358	1,393,443	2,684,842	2,129,560	555,282
Excess (Deficiency) of Revenues Over (Under) Expenditures	(430,724)	984,625	1,415,349	(890,574)	(1,797)	888,777
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(645,000)	(643,350)	1,650	0	0	0
Advances In	38,980	38,980	0	357,691	9,442	(348,249)
Advances Out	(390,000)	(254,560)	135,440	0	0	0
Total Other Financing Sources (Uses)	(996,020)	(858,930)	137,090	357,691	9,442	(348,249)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,426,744)	125,695	1,552,439	(532,883)	7,645	540,528
Fund Balance at Beginning of Year	1,203,223	1,203,223	0	406,458	406,458	0
Prior Year Encumbrances	330,616	330,616	0	62,480	62,480	0
Fund Balance at End of Year	\$107,095	\$1,659,534	\$1,552,439	(\$63,945)	\$476,583	\$540,528

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

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FISCAL YEAR ENDED JUNE 30, 1999

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$1,180,000	\$1,181,438	\$1,438	\$256,000	\$257,085	\$1,085	\$7,238,000	\$7,242,081	\$4,081
0	0	0	0	0	0	6,450	12,283	5,833
0	0	0	0	0	0	300,000	306,418	6,418
0	0	0	0	0	0	183,300	214,895	31,595
0	0	0	0	0	0	110,768	113,717	2,949
119,000	120,233	1,233	439,718	439,904	186	14,043,631	14,051,434	7,803
0	0	0	0	0	0	1,070,872	1,367,355	296,483
0	0	0	260	260	0	41,302	45,483	4,181
1,299,000	1,301,671	2,671	695,978	697,249	1,271	22,994,323	23,353,666	359,343
0	0	0	492,245	486,103	6,142	13,135,083	12,118,730	1,016,353
0	0	0	0	0	0	1,691,157	1,523,299	167,858
0	0	0	350	304	46	957,237	850,578	106,659
0	0	0	0	0	0	149,234	142,888	6,346
0	0	0	49,000	48,700	300	1,972,267	1,896,801	75,466
46,000	25,276	20,724	7,900	7,833	67	554,698	512,764	41,934
0	0	0	75,250	75,151	99	2,141,157	2,008,392	132,765
0	0	0	416,000	415,091	909	2,091,613	1,764,242	327,371
0	0	0	0	0	0	60,925	50,172	10,753
0	0	0	0	0	0	516,812	487,533	29,279
0	0	0	595,030	488,149	106,881	732,235	563,126	169,109
857,547	857,547	0	0	0	0	857,547	857,547	0
380,172	379,649	523	0	0	0	380,172	379,649	523
1,283,719	1,262,472	21,247	1,635,775	1,521,331	114,444	25,240,137	23,155,721	2,084,416
15,281	39,199	23,918	(939,797)	(824,082)	115,715	(2,245,814)	197,945	2,443,759
0	0	0	50,000	50,000	0	50,000	50,000	0
0	0	0	500,000	643,350	143,350	500,000	643,350	143,350
0	0	0	0	0	0	(645,000)	(643,350)	1,650
0	0	0	209,118	209,118	0	605,789	257,540	(348,249)
0	0	0	(16,980)	(16,980)	0	(406,980)	(271,540)	135,440
0	0	0	742,138	885,488	143,350	103,809	36,000	(67,809)
15,281	39,199	23,918	(197,659)	61,406	259,065	(2,142,005)	233,945	2,375,950
914,381	914,381	0	357,667	357,667	0	2,881,729	2,881,729	0
0	0	0	671,963	671,963	0	1,065,059	1,065,059	0
\$929,662	\$953,580	\$23,918	\$831,971	\$1,091,036	\$259,065	\$1,804,783	\$4,180,733	\$2,375,950

**LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS
 ALL PROPRIETARY FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Operating Revenues:</u>			
Tuition and Fees	\$31,292	\$0	\$31,292
Sales	650,107	0	650,107
Total Operating Revenues	681,399	0	681,399
<u>Operating Expenses:</u>			
Salaries and Wages	316,922	0	316,922
Fringe Benefits	138,282	0	138,282
Contractual Services	39,971	878,142	918,113
Materials and Supplies	725,450	0	725,450
Depreciation	18,347	0	18,347
Other Operating Expenses	2,752	0	2,752
Total Operating Expenses	1,241,724	878,142	2,119,866
Operating Loss	(560,325)	(878,142)	(1,438,467)
<u>Non-Operating Revenues:</u>			
Operating Grants	516,032	857,177	1,373,209
Federally Donated Commodities	65,123	0	65,123
Investment Earnings	2,178	0	2,178
Total Non-Operating Revenues	583,333	857,177	1,440,510
Net Income (Loss)	23,008	(20,965)	2,043
Retained Earnings at Beginning of Year	114,939	376,467	491,406
Retained Earnings at End of Year	\$137,947	\$355,502	\$493,449

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

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<i>Enterprise Funds</i>	<i>Internal Service Funds</i>	<i>Totals (Memorandum Only)</i>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$649,744	\$0	\$649,744
Cash Received from Tuition and Fee Payments	31,149	0	31,149
Cash Payments for Goods and Services	(662,975)	(888,780)	(1,551,755)
Cash Payments to Employees for Services and Benefits	(451,754)	0	(451,754)
Net Cash Used by Operating Activities	<u>(433,836)</u>	<u>(888,780)</u>	<u>(1,322,616)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	500,668	857,177	1,357,845
Advances In	36,000	0	36,000
Advances Out	(22,000)	0	(22,000)
Net Cash Provided by Noncapital Financing Activities	<u>514,668</u>	<u>857,177</u>	<u>1,371,845</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition of Equipment	(9,645)	0	(9,645)
Net Cash Used by Capital and Related Financing Activities	<u>(9,645)</u>	<u>0</u>	<u>(9,645)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	2,178	0	2,178
Purchase of Investments	0	(20,750)	(20,750)
Net Cash Provided (Used) by Investing Activities	<u>2,178</u>	<u>(20,750)</u>	<u>(18,572)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	73,365	(52,353)	21,012
Cash and Cash Equivalents at Beginning of Year	22,988	62,979	85,967
Cash and Cash Equivalents at End of Year	<u>\$96,353</u>	<u>\$10,626</u>	<u>\$106,979</u>
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</u>			
Operating Loss	(\$560,325)	(\$878,142)	(\$1,438,467)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Depreciation Expense	18,347	0	18,347
Donated Commodities Used During the Year	65,123	0	65,123
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(506)	0	(506)
Decrease in Inventory	4,643	0	4,643
Increase (Decrease) in Accounts Payable	34,812	(10,638)	24,174
Increase in Accrued Wages and Benefits	2,373	0	2,373
Decrease in Intergovernmental Payables	(6,852)	0	(6,852)
Increase in Deferred Revenue	620	0	620
Decrease in Compensated Absences	7,929	0	7,929
Total Adjustments	<u>126,489</u>	<u>(10,638)</u>	<u>115,851</u>
Net Cash Used by Operating Activities	<u>(\$433,836)</u>	<u>(\$888,780)</u>	<u>(\$1,322,616)</u>

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

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Logan Hocking Local School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 159 noncertified and approximately 250 certified teaching personnel and administrative employees providing education to 4,209 students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. The District is a member of the Southeastern Ohio Voluntary Educational Cooperative (SEOVEC), a jointly governed organization which provides computer service to thirty-five (35) class "C" sites in a ten (10) county area. The District is a participant in two other jointly governed organizations, the Tri-County Joint Vocational School District and the Coalition of Rural and Appalachian Schools. See Note 18, Jointly Governed Organizations. The District is also a participant in the Ohio School Boards Association Workers' Compensation Group Rating Plan, an insurance purchasing pool, see Note 19. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

The following fund types and account groups are used by the District:

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's governmental fund types:

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

Special Revenue Funds - These 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. For GAAP reporting purposes, unrestricted money of the District is reflected in the General Fund and money restricted for the operation of the Local School District is reflected in the Local School District Special Revenue Fund.

Debt Service Fund - This fund is used for the accumulation of resources for the payment of general long-term debt principal and interest.

Capital Projects Funds - These 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).

Proprietary Funds - The proprietary funds are accounted for on a "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in retained earnings (net total assets).

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains an expendable trust fund and agency funds. The expendable trust fund is accounted for and reported similarly to a governmental fund. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

General Fixed Assets Account Group - This account group is established to account for fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the District except those accounted for in the proprietary funds.

C. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at year end includes property taxes, tuition, grants and entitlements, student fees, and interest on investments.

Current property taxes measurable at June 30, 1999, and which are not intended to finance fiscal 1999 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 1999 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

2. Estimated Resources

Prior to March 15, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 1999.

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund, department and object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year with approval of the Board. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. Encumbrances are recorded as the equivalent of expenditures (budgetary basis) as opposed to reservations of fund balance (GAAP basis).

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$773,343	\$53,832	\$57,814	\$217,527
Increase (Decrease):				
Accrued Revenues at June 30, 1999, received during FY 2000	(1,002,982)	(821)	(151,685)	(33,441)
Accrued Revenues at June 30, 1998, received during FY 1999	706,401	927	133,070	28,313
Accrued Expenditures at June 30, 1999, paid during FY 2000	2,337,785	219,475	0	210,318
Accrued Expenditures at June 30, 1998, paid during FY 1999	(2,321,680)	(173,768)	0	(16,980)
FY 1998 Prepays for FY 1999	48,255	0	0	0
FY 1999 Prepays for FY 2000	(31,535)	0	0	0
Encumbrances Outstanding	(383,892)	(92,000)	0	(344,331)
Budget Basis	<u>\$125,695</u>	<u>\$7,645</u>	<u>\$39,199</u>	<u>\$61,406</u>

E. Cash and Cash Equivalents

During fiscal year 1999, cash and cash equivalents included amounts in demand deposits, repurchase agreements and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the general purpose financial statements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, Cash, Cash Equivalents and Investments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements and certificates of deposit) which are reported at cost. See Note 4, Cash, Cash Equivalents and Investments.

The District has invested funds in the STAR Ohio during 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 fund during fiscal year 1999 amounted to \$313,649, which includes \$201,683 assigned from other District funds.

G. Inventory

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

H. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. The District does not possess any infrastructure.

General fixed asset values were initially determined by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

The District has elected not to record depreciation in the General Fixed Assets Account Group.

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Fixed Assets and Depreciation (Continued)

2. Property, Plant and Equipment - Proprietary Fund

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Machinery, Equipment, Furniture and Fixtures	5-20

I. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Obligation Bond Retirement Fund
Installment Loans	General Obligation Bond Retirement Fund
Capital Leases	General Fund
Compensated Absences	General Fund, Food Services Fund
Intergovernmental Payable	General Fund

J. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 280 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 60 days. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

L. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers during the fiscal year.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the District are similarly treated when involving other funds of the District.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction.

N. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for debt service, prepaid items, budget stabilization and encumbered amounts which have not been accrued at year end. The reserve for budget stabilization is required by State statute for a refund from the Bureau of Workers' Compensation.

O. Total Columns on Combined Financial Statements - Overview

Total columns on the "Combined Financial Statements-Overview" are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO

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

NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLE

The Internal Revenue Code previously required that Section 457 deferred compensation plan assets remain the property of the employer government until available to the employee or beneficiary. Under these regulations, plan assets were recorded in the District's deferred compensation agency fund.

Recent changes to the Internal Revenue Code require Section 457 plan assets to be held in trust for the exclusive benefit of the employees. These plans must establish trust agreements prior to January 1, 1999. During 1998, the Ohio Public Employees Deferred Compensation Program (the "Plan") implemented a Trust Agreement to hold all Plan assets for the employer, whenever contributed, for the exclusive benefit of participants and their beneficiaries. Accordingly, the District has implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" which requires that such assets held in trust, not be reflected on the government's financial statements. Inasmuch as the District no longer has an accounting fiduciary responsibility for the deferred compensation assets, the beginning balance of the agency funds has been restated to show the reduction of \$193,276 representing the balance of deferred compensation at June 30, 1998. The adjustment resulted in the following changes to the agency funds asset/liability balances at June 30, 1998:

Agency Funds:

Asset/Liability Balance - June 30, 1998 (as reported)	\$235,891
Adjustment due to change in accounting principle	(193,276)
Asset/Liability Balance - June 30, 1998 (restated)	<u>\$42,615</u>

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

The fund deficits at June 30, 1999 of \$895 in the D.P.I.A. Fund (special revenue fund), \$7,155 in the Emergency School Building Repair Fund (capital project fund), and \$21,571 in the Uniform School Supplies Fund (enterprise fund) arise from the recognition of expenses on the accrual basis which are greater than expenses recognized on the cash basis. This deficit does not exist under the cash basis of accounting.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "near cash" status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as 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.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any 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 federal government agencies or instrumentalities;
- 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;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3.

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO

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

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent, in the District's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Investments:

- Category 1 Insured or registered, or securities held by the District or its agent in the District's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

A. Deposits

At year end the carrying amount of the District's deposits was \$3,758,733 and the bank balance was \$4,151,037. The Federal Deposit Insurance Corporation (FDIC) covered \$400,000 of the bank balance and all remaining deposits were classified as Category 3.

B. Investments

The District's investments at June 30, 1999 are summarized below:

	<u>Category 2</u>	<u>Fair Value</u>
Categorized Investments		
Repurchase Agreements	\$836,768	\$836,768
U.S. Government Securities	850,000	850,000
Total Categorized Investments	<u>1,686,768</u>	<u>1,686,768</u>
Noncategorized Investments		
STAR Ohio	N/A	208,660
Total Investments	<u>\$1,686,768</u>	<u>\$1,895,428</u>

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

C. Reconciliation of Cash, Cash Equivalents and Investments

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	Cash and Cash	
	Equivalents	Investments
Per Combined Balance Sheet	\$655,161	\$4,999,000
Certificates of Deposit (with maturities of more than 3 months)	4,149,000	(4,149,000)
Investments:		
Repurchase Agreements	(836,768)	836,768
STAR Ohio	(208,660)	208,660
Per GASB Statement No. 3	\$3,758,733	\$1,895,428

NOTE 5 - TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1998. A statistical update will be completed in 2001. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO

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

NOTE 5 - TAXES (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 1999, upon which the 1998 levies were based, were as follows:

	1998 Second Half Collections	1999 First Half Collections
Agricultural/Residential and Other Real Estate	\$187,312,100	\$225,897,550
Public Utility Personal	43,823,340	41,278,410
Tangible Personal Property	27,949,311	28,090,617
Total Assessed Value	<u>\$259,084,751</u>	<u>\$295,266,577</u>
Tax rate per \$1,000 of assessed valuation	\$34.60	\$34.40

NOTE 6 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, interest, accounts receivable, interfund loans receivables and intergovernmental receivables.

NOTE 7 - INTERFUND BALANCES

Individual interfund loans receivable and loans payable balances at June 30, 1999, are as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$254,560	\$0
Special Revenue Funds:		
Other Grant Fund	0	5,114
Venture Capital Fund	0	2,211
District Managed Student Account	0	1,613
Title VI-B Fund	0	504
Total Special Revenue Funds	<u>0</u>	<u>9,442</u>
Capital Project Funds:		
Permanent Improvement Fund	0	140,000
Emergency School Repair Fund	0	69,118
Total Capital Project Funds	<u>0</u>	<u>209,118</u>
Enterprise Fund:		
Uniform School Supply Fund	0	36,000
Totals	<u>\$254,560</u>	<u>\$254,560</u>

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO

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

NOTE 8 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds at June 30, 1999:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$643,350
Capital Projects Fund:		
Permanent Improvement Fund	643,350	0
Total All Funds	<u>\$643,350</u>	<u>\$643,350</u>

NOTE 9 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 1999:

Class	June 30, 1998	Additions	Deletions	June 30, 1999
Land	\$2,492,496	\$271,254	\$0	\$2,763,750
Buildings	16,167,623	183,227	0	16,350,850
Infrastructure	28,628	0	0	28,628
Machinery and Equipment	5,175,617	830,407	(120,912)	5,885,112
Vehicles	1,746,497	184,056	(89,506)	1,841,047
Construction in Progress	116,015	756,271	(639,047)	233,239
Totals	<u>\$25,726,876</u>	<u>\$2,225,215</u>	<u>(\$849,465)</u>	<u>\$27,102,626</u>

B. Proprietary Fixed Assets

Summary by Category at June 30, 1999:

Category	Historical Cost	Accumulated Depreciation	Book Value
Machinery and Equipment	\$529,248	(\$396,991)	\$132,257
Total Property, Plant and Equipment	<u>\$529,248</u>	<u>(\$396,991)</u>	<u>\$132,257</u>

NOTE 10 - DEFINED BENEFIT PENSION PLANS

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. School Employees Retirement System of Ohio (SERS of Ohio)

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing multiple employer public employee retirement system.

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor 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 SERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 1998, (the latest information available) 9.02% was allocated to fund the pension and 4.98% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$473,916, \$439,674, and \$416,328, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 1998 employer contribution rate (identified above) that was used to fund health care for the year 1998 was 4.98%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 1999, the minimum pay has been established as \$12,400 and the surcharge amounted to \$22,705.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. Net assets available for payment of benefits at June 30, 1998 was \$160.3 million, at cost.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System of Ohio (STRS of Ohio)

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing multiple employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to the STRS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$1,384,848, \$1,376,664, and \$1,268,952, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions, equal to 3.5% of covered payroll, to a health care reserve fund. The balance of the Health Care Reserve Fund was \$2,156 million at June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999 will be 8% of covered payroll. For the fiscal year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

NOTE 11 - COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 1999, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	<u>Sick Leave</u>	<u>Vacation</u>	<u>Total</u>
Liability	\$1,421,006	\$133,452	\$1,554,458

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO

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

NOTE 12 - GENERAL LONG-TERM DEBT AND OTHER GENERAL LONG-TERM OBLIGATIONS

Detail of the changes in the bonds, installment loans, and compensated absences of the District for the year ended June 30, 1999 is as follows:

	Balance June 30, 1998	Issued (Retired)	Balance June 30, 1999
General Long-Term Debt:			
(General Obligation Bonds)			
Energy Conservation Project	\$311,000	(\$82,000)	\$229,000
Construction Bond - 1990	725,000	(345,000)	380,000
Construction Bond - 1993	8,092,410	(390,000)	7,702,410
	<u>9,128,410</u>	<u>(817,000)</u>	<u>8,311,410</u>
Interest Accretion	1,069,298	255,831	1,325,129
Total General Obligation Bonds	<u>10,197,708</u>	<u>(561,169)</u>	<u>9,636,539</u>
(Installment Loans)			
Energy Conservation Project	34,157	(5,259)	28,898
Energy Conservation Project	334,641	(35,288)	299,353
Total Installment Loans	<u>368,798</u>	<u>(40,547)</u>	<u>328,251</u>
Total General Long-Term Debt	<u>10,566,506</u>	<u>(601,716)</u>	<u>9,964,790</u>
Other General Long-Term Obligations:			
Intergovernmental Payable	170,363	26,947	197,310
Compensated Absences	1,335,822	218,636	1,554,458
Capital Leases	47,151	17,134	64,285
		<u>(15,793)</u>	<u>48,492</u>
Total Other Long-Term Obligations	<u>1,553,336</u>	<u>246,924</u>	<u>1,800,260</u>
Total General Long-Term Debt and Other General Long-Term Obligations	<u>\$12,119,842</u>	<u>(\$354,792)</u>	<u>\$11,765,050</u>

A. Principal and Interest Requirements

The General Obligation Bonds-1993 Series consist of 2.5%-5.3% current interest bonds and 10.3% term capital appreciation bonds. In the case of the capital appreciation bonds, unearned accreted interest is included in the maturity amount outstanding.

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO

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

NOTE 12 - GENERAL LONG-TERM DEBT AND OTHER GENERAL LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements (Continued)

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 1999, follows:

Years	General Obligation Bonds		Installment Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$872,000	\$317,395	\$42,668	\$15,131	\$914,668	\$332,526
2001	928,000	272,081	44,729	13,069	972,729	285,150
2002	914,000	226,966	46,890	10,909	960,890	237,875
2003	900,000	182,265	49,154	8,644	949,154	190,909
2004	960,000	135,285	49,027	6,271	1,009,027	141,556
2005-2009	2,929,939	2,777,999	95,783	5,754	3,025,722	2,783,753
2010-2013	807,471	4,072,529	0	0	807,471	4,072,529
Totals	<u>\$8,311,410</u>	<u>\$7,984,520</u>	<u>\$328,251</u>	<u>\$59,778</u>	<u>\$8,639,661</u>	<u>\$8,044,298</u>

B. Defeased Debt

In June 1993, the District defeased \$11,690,000 of General Obligation Bonds for construction through the issuance of \$9,682,410 of General Obligation Bonds for construction. The net proceeds of the 1993 bond have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$10,065,000 at June 30, 1999, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 13 - CAPITAL LEASE COMMITMENTS

The District is obligated under two leases accounted for as capital leases. The cost of the leased assets (copiers) is accounted for in the General Fixed Assets Account Group and the related liability in the General Long-Term Obligations Account Group. The original cost of the assets under capital lease was \$91,826.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 1999:

Year Ending June 30,	Capital Leases
2000	\$24,254
2001	20,901
2002	4,137
2003	4,137
2004	2,758
Minimum Lease Payments	<u>56,187</u>
Less: Amount representing interest at the District's incremental borrowing rate of interest	(7,695)
Present Value of minimum lease payments	<u>\$48,492</u>

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO

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

NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two Enterprise Funds to account for the operation of Food Services and Uniform School Supply Sales. The key financial information for the year ended June 30, 1999 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Total
Operating Revenues	\$650,107	\$31,292	\$681,399
Depreciation Expense	18,347	0	18,347
Operating (Loss)	(545,827)	(14,498)	(560,325)
Net Income (Loss)	37,506	(14,498)	23,008
Property, Plant and Equipment:			
Additions	9,645	0	9,645
Operating Grants	581,155	0	581,155
Total Assets	303,521	24,364	327,885
Net Working Capital	52,820	(21,571)	31,249
Total Equity (Deficit)	159,518	(21,571)	137,947

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters; injuries to employees and natural disasters. During fiscal year 1999 the District contracted with several different insurance providers for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
Nationwide Insurance Company	General Liability	\$0
Nationwide Insurance Company	Automobile	\$500
Wausau Insurance Company	Property, Boiler and Machinery	\$1,000

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' compensation claims are covered through the District's participation in the State of Ohio's program. The District pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

LOGAN-HOCKING LOCAL SCHOOL DISTRICT, OHIO

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

NOTE 16 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$109,426	\$109,426
Current Year Set-Aside Requirement	266,155	266,155	133,078	665,388
Current Year Offset Credits	(58,175)	(976,621)	0	(1,034,796)
Qualifying Disbursements	(225,631)	(259,153)	0	(484,784)
Total	<u>(\$17,651)</u>	<u>(\$969,619)</u>	<u>\$242,504</u>	<u>(\$744,766)</u>
Cash Balance Carried Forward to FY 2000	\$0	\$0	\$242,504	\$242,504
Amount Restricted for Budget Stabilization				<u>242,504</u>
Total Restricted Assets				<u>\$242,504</u>

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

NOTE 17 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

B. Litigation

The District is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The District's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the District.

NOTE 17 - CONTINGENCIES (Continued)

C. State School Funding

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 the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$11,981,781 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 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 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.

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

Southeast Ohio Voluntary Educational Consortium (SEOVEC) - SEOVEC was created as a regional council of governments pursuant to state statutes. SEOVEC is a computer consortium 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. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a governing board which is selected by member districts. SEOVEC possesses its own budgeting and taxing authority. To obtain financial information, write to: Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

Tri-County Joint Vocational School District - The Tri-County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven appointed representatives from the eight participating school districts. The Board possesses its own budgeting and taxing authority. To obtain financial information, write to: Tri-County Joint Vocational School, Elizabeth Snyder, Treasurer, at 15676 State Route 691, Nelsonville, Ohio 45764.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization including over 100 school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The Board members are composed of one superintendent from each County elected by the school districts within that County. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District made no significant payments for membership in fiscal year 1999.

NOTE 19 – INSURANCE PURCHASING POOL

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"). This is a group rating plan as established under Section 4123.29 of the Ohio Revised Code. The Plan was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Non-cash Receipts	Disbursements	Non-cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Pass-Through State Department of Education</i>						
Food Distribution Program	10,550	N/A	\$0	\$65,742	\$0	\$65,123
Child Nutrition Cluster:						
School Breakfast Program	10,553	05-PU-98	31,320	0	31,320	0
		05-PU-99	89,071	0	89,071	0
Total School Breakfast Program			100,391	0	100,391	0
National School Lunch Program	10,555	03-PU-98	20,885	0	20,885	0
		04-PU-98	85,421	0	85,421	0
		03-PU-99	52,530	0	52,530	0
		04-PU-99	208,595	0	208,595	0
Total National School Lunch Program			367,431	0	367,431	0
Total Child Nutrition Cluster			467,822	0	467,822	0
Total United States Department of Agriculture			467,822	65,742	467,822	65,123
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Pass-Through State Department of Education</i>						
Title I Grants to Local Educational Agencies	84,010	C1-S1-97	0	0	92,545	0
		C1-S1-98	77,552	0	109,265	0
		C1-S1-99	661,440	0	571,690	0
Total Title I Grants to Local Educational Agencies			738,992	0	773,500	0
Special Education Cluster:						
Special Education - Grants to States	84,027	6B-SF-97	13,464	0	49,407	0
		6B-SF-98	193,416	0	113,896	0
Total Special Education - Grants to States			206,880	0	163,303	0
Special Education Preschool Grant	84,173	PG-S1-98	0	0	5,849	0
		PG-S1-99	11,661	0	6,588	0
Total Special Education Preschool Grant			11,661	0	12,437	0
Total Special Education Cluster			218,541	0	175,740	0
Safe and Drug-Free Schools and Communities	84,188	DR-S1-97	0	0	1,233	0
		DR-S1-98	0	0	11,796	0
		DR-S1-99	22,439	0	11,563	0
Total Safe and Drug-Free Schools and Communities			22,439	0	24,592	0

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Non-cash Receipts	Disbursements	Non-cash Disbursements
UNITED STATES DEPARTMENT OF EDUCATION (Continued)						
<i>Pass-Through State Department of Education (Continued)</i>						
Goals 2000 - State and Local						
Education Systemic Improvement Grant	84.276	G2-S2-98	\$166,075	\$0	\$148,680	\$0
		G2-S2-99	<u>30,250</u>	<u>0</u>	<u>57</u>	<u>0</u>
Total Goals 2000 - State and Local Education			196,325	0	148,737	0
Eisenhower Professional Development State Grants	84.281	MS-S1-97	0	0	516	0
		MS-S1-98	0	0	21,467	0
		MS-S1-99	<u>21,862</u>	<u>0</u>	<u>6,314</u>	<u>0</u>
Total Eisenhower Professional Development State Grants			21,862	0	28,297	0
Innovative Education Program Strategies	84.298	C2-S1-99	19,196	0	18,731	0
Technology Literacy Challenge Fund Grants	84.318	TF-31-98	150,000	0	102,590	0
		TF-SA-98P	<u>54,083</u>	<u>0</u>	<u>43,909</u>	<u>0</u>
Total Technology Literacy Challenge Fund Grants			204,083	0	146,499	0
Total United States Department of Education			1,421,438	0	1,316,096	0
Total Federal Awards Receipts and Expenditures			<u>\$1,889,260</u>	<u>\$65,742</u>	<u>\$1,783,918</u>	<u>\$65,123</u>

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

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

Note 1 - Basis of Accounting

The District prepares its Schedule of Federal Awards Receipts and Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Note 2 - Matching Requirements

Certain federal programs require the District to contribute nonfederal (matching) funds to support the federally funded programs. The District has complied with the matching requirements. The expenditure of nonfederal matching funds is not included on the Schedule.

Note 3 - Food Distribution

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

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Logan-Hocking Local School District
Hocking County
57 South Walnut Street
Logan, Ohio 43138

To the Board of Education:

We have audited the general purpose financial statements of the Logan-Hocking Local School District, Hocking County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated March 10, 2000, wherein we noted that the District changed its method of accounting for deferred compensation plan assets. 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 1999-10737-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated March 10, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 1999-10737-002 and 1999-10737-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily all reportable conditions that are also considered material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 10, 2000.

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



Jim Petro
Auditor of State

March 10, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Logan-Hocking Local School District
Hocking County
57 South Walnut Street
Logan, Ohio 43138

To the Board of Education:

Compliance

We have audited the compliance of the Logan-Hocking Local School District, Hocking County, Ohio, (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.

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



Jim Petro
Auditor of State

March 10, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505**

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

I. SUMMARY OF AUDITOR'S RESULTS

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

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

Finding Number 1999-10737-001

Ohio Rev. Code § 5705.39 states that the total appropriation from each fund should not exceed the total estimated resources.

We found appropriations exceed estimated resources at June 30, 1999, in the following funds:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Public School Support	\$92,697	\$106,458	(\$13,761)
Other Local Grants	121,566	135,673	(14,107)
Title VI-B	250,807	251,437	(630)
Goals 2000	391,318	441,318	(50,000)
SchoolNet	370,706	373,952	(3,246)
Food Service	1,091,566	1,128,488	(36,922)
Uniform School Accounting	872,169	1,102,011	(229,842)

We recommend the District monitor the appropriations and estimated revenue to ensure that appropriations do not exceed estimated resources.

Finding Number 1999-10737-002

Inadequate Support for Fund Raising Activities

Student activities tested did not provide supporting documentation to substantiate the revenues recorded. This could lead to errors or irregularities occurring and going undetected.

We recommend the District require supporting documentation (i.e., ticket and cash accountability forms for special events such as concerts, or sales order forms prepared by the students for fruit or other product sales) for all fund raising receipts, in order to ensure that all monies collected have been recorded in the District's records.

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

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

Finding Number 1999-10737-003

No Closeout Analysis of Fund Raising Activities

The District did not utilize Sales Project Potential Forms prescribed by Ohio Admin. Code § 117-2-18 or require a closeout analysis of each fund raising activity, which would report actual sales attained, related disbursements incurred, unaccounted for items (i.e., fruit spoilage), net profit made, variances from expected sales and net profit, and a summary of the positive and negative aspects of the fund raiser. Without a closeout analysis of the fund raising activity, there is a lack of accountability.

We recommend the Request for Fund Raising Activity Form be revised, or the Sales Project Potential Form prescribed by Ohio Admin. Code § 117-2-18 be implemented and approved by the Board, to include a closeout analysis of the fund raising activity, to be prepared by the Advisor, reviewed and approved by the Superintendent, and filed with the Treasurer, along with any supporting documentation.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards.

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)**

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid
1998-10737-001	A noncompliance citation was issued under Ohio Rev. Code § 5705.39 for allowing appropriations to exceed estimated resources in several funds.	No	Not Corrected
1998-10737-002	A noncompliance citation was issued under Ohio Rev. Code § 5705.41(B) for allowing expenditures to exceed appropriations in several funds.	Yes	N/A
1998-10737-003	A material weakness was noted concerning inadequate support for fund raising activities.	No	Not Corrected - The District began to address this issue after the conclusion of the 1998 audit; therefore, it has been reported as a reportable condition in the current audit.
1998-10737-004	A material weakness was noted concerning closeout analysis of fund raising activities.	No	Not Corrected - The District began to address this issue after the conclusion of the 1998 audit; therefore, it has been reported as a reportable condition in the current audit.



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LOGAN-HOCKING LOCAL SCHOOL DISTRICT
HOCKING 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.

By: *Susan Babbitt*
Clerk of the Bureau

Date: APR 06 2000