



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups June 30, 2000	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund For the Year Ended June 30, 2000	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Fund For The Year Ended June 30, 2000	8
Combined Statement of Revenues, Expenses, and Changes in Fund Equity Proprietary Fund Type - For the Year Ended June 30, 2000	10
Combined Statement of Cash Flows - Proprietary Fund Type For The Year Ended June 30, 2000	11
Notes to the General-Purpose Financial Statements	13
Schedule of Federal Awards Expenditures	39
Notes to the Schedule of Federal Awards Expenditures	40
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	41
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	43
Schedule of Findings	45

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REPORT OF INDEPENDENT ACCOUNTANTS

Benjamin Logan Local School District
Logan County
4626 County Road 26
Bellefontaine, Ohio 43311-9532

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Benjamin Logan Local School District, Logan County, (the District) as of and for the year ended June 30, 2000, 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 Benjamin Logan Local School District, Logan County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

December 6, 2000

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$804,413	\$173,132	\$513,036	\$10,322
Cash and Cash Equivalents:				
With Fiscal Agents		23,271		
Receivables:				
Taxes	4,949,266		1,190,392	
Accounts Intergovernmental	9,427	5,320		
Materials and Supplies Inventory	60,638			
Prepaid Items	51,123			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	271,675			
Fixed Assets				
Accumulated Depreciation				
Other Debits:				
Amount in Debt Service Fund for Retirement of Provided from General Government Resources				
Total Assets and Other Debits	<u>\$6,146,542</u>	<u>\$201,723</u>	<u>\$1,703,428</u>	<u>\$10,322</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$40,206	\$295		
Accrued Wages and Benefits	1,004,929	28,063		
Compensated Absences Payable	64,331			
Intergovernmental Payable	163,935	3,211		
Deferred Revenue	4,773,667		\$1,124,684	
Due to Students				
General Obligation Bonds Payable				
Total Liabilities	<u>6,047,068</u>	<u>31,569</u>	<u>1,124,684</u>	
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	79,534	52,980		
Reserved for Inventory	60,638			
Reserved for Prepaid Items	51,123			
Reserved for Debt Service Principal			513,036	
Reserved for Property Taxes	175,599		65,708	
Reserved for Capital Improvements	136,166			
Reserved for Budget Stabilization	135,509			
Unreserved:				
Unreserved, Undesignated	(539,095)	117,174		\$10,322
Total Fund Equity and Other Credits	<u>99,474</u>	<u>170,154</u>	<u>578,744</u>	<u>10,322</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$6,146,542</u>	<u>\$201,723</u>	<u>\$1,703,428</u>	<u>\$10,322</u>

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

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$155,390	\$76,921			\$1,733,214
				23,271
				6,139,658
481	345			15,573
11,308				11,308
13,123				73,761
				51,123
				271,675
370,596 (195,455)		25,484,392		25,854,988 (195,455)
			\$513,034	513,034
			13,452,697	13,452,697
<u>\$355,443</u>	<u>\$77,266</u>	<u>\$25,484,392</u>	<u>\$13,965,731</u>	<u>\$47,944,847</u>
\$936	\$5,734			\$47,171
60,629				1,093,621
22,191			1,204,445	1,290,967
27,637			104,503	299,286
5,759				5,904,110
	71,027			71,027
			12,656,783	12,656,783
<u>117,152</u>	<u>76,761</u>		<u>13,965,731</u>	<u>21,362,965</u>
		\$25,484,392		25,484,392
\$152,159				152,159
86,132				86,132
				132,514
				60,638
				51,123
				513,036
				241,307
				136,166
				135,509
	505			(411,094)
<u>238,291</u>	<u>505</u>	<u>25,484,392</u>		<u>26,581,882</u>
<u>\$355,443</u>	<u>\$77,266</u>	<u>\$25,484,392</u>	<u>\$13,965,731</u>	<u>\$47,944,847</u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types		Governmental Fund Types		Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Intergovernmental	\$4,451,287	\$601,739	\$116,694			\$5,169,720
Interest	151,363					151,363
Tuition and Fees	136,904	2,436				139,340
Rent	5,268					5,268
Extracurricular Activities		203,862				203,862
Gifts and Donations	530	15,119			\$530	16,179
Property & Other Local Taxes	5,061,421		1,615,230			6,676,651
Miscellaneous	53,761	3,638				57,399
Total Revenues	<u>9,860,534</u>	<u>826,794</u>	<u>1,731,924</u>		<u>530</u>	<u>12,419,782</u>
Expenditures:						
Instruction:						
Regular	4,713,650	333,021		\$107,299	1,966	5,155,936
Special	1,034,023	255,455				1,289,478
Vocational	527,194	10,344				537,538
Other	96,263					96,263
Support services:						
Pupils	361,396	124,133				485,529
Instructional Staff	306,418	88,793		8,103		403,314
Board of Education	9,133					9,133
Administration	919,922					919,922
Fiscal	238,416		31,692			270,108
Operation and Maintenance of Plant	955,733					955,733
Pupil Transportation	947,928					947,928
Central	95,512	5,845				101,357
Extracurricular activities	224,010	89,258				313,268
Capital Outlay	9,037					9,037
Debt Service						
Debt Service - Principal			1,005,000			1,005,000
Debt Service - Interest			608,903			608,903
Total Expenditures	<u>10,438,635</u>	<u>906,849</u>	<u>1,645,595</u>	<u>115,402</u>	<u>1,966</u>	<u>13,108,447</u>
Excess of Revenues Over (Under) Expenditures	<u>(578,101)</u>	<u>(80,055)</u>	<u>86,329</u>	<u>(115,402)</u>	<u>(1,436)</u>	<u>(688,665)</u>
Other Financing Sources and Uses						
Proceeds from Sale of Fixed Assets		2,739				2,739
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Uses	<u>(578,101)</u>	<u>(77,316)</u>	<u>86,329</u>	<u>(115,402)</u>	<u>(1,436)</u>	<u>(685,926)</u>
Fund Balance at Beginning of Year	677,575	247,470	492,415	125,724	1,941	1,545,125
Fund Balance at End of Year	<u>\$99,474</u>	<u>\$170,154</u>	<u>\$578,744</u>	<u>\$10,322</u>	<u>\$505</u>	<u>\$859,199</u>

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

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NONGAAP BUDGETARY BASIS)
ALL GOVERNMENTAL AND FUDICIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types			Governmental Fund Types		
	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$4,623,576	\$4,452,831	(\$170,745)	\$582,677	\$583,238	\$561
Interest	125,000	156,721	31,721			
Tuition and Fees	97,000	137,155	40,155		2,436	2,436
Rent	1,500	2,766	1,266			
Extracurricular Activities				208,084	204,272	(3,812)
Gifts and Donations	2,500	530	(1,970)	7,000	15,119	8,119
Property & Other Local Taxes	5,080,000	5,093,606	13,606			
Miscellaneous	21,500	33,927	12,427	2,500	3,638	1,138
Total Revenues	9,951,076	9,877,536	(73,540)	800,261	808,703	8,442
Expenditures:						
Current:						
Instruction:						
Regular	4,701,150	4,665,245	35,905	419,308	410,986	8,322
Special	1,048,255	1,028,584	19,671	268,168	249,604	18,564
Vocational	560,616	528,223	32,393	10,344	10,344	
Other	97,500	96,263	1,237			
Support services:						
Pupils	374,235	362,087	12,148	147,220	124,567	22,653
Instructional Staff	317,087	304,381	12,706	106,178	87,923	18,255
Board of Education	11,850	9,132	2,718			
Administration	1,025,329	933,591	91,738			
Fiscal	252,099	240,714	11,385			
Operation and Maintenance of Plant	1,063,799	991,128	72,671			
Pupil Transportation	910,675	877,613	33,062			
Central	120,270	93,629	26,641	5,845	5,845	
Extracurricular activities	265,020	224,137	40,883	126,652	94,660	31,992
Capital Outlay	22,000	20,000	2,000			
Debt Service						
Debt Service - Principal						
Debt Service - Interest						
Total Expenditures	10,769,885	10,374,727	395,158	1,083,715	983,929	99,786
Excess of Revenues Over (Under) Expenditures	(818,809)	(497,191)	321,618	(283,454)	(175,226)	108,228
Other Financing Sources and Uses						
Proceeds from Sale of Fixed Assets				1,000	2,739	1,739
Refund of Prior Year Expenditures		26,660	26,660		160	160
Other Financing Sources	250	213	(37)			
Other Financing Uses				(363)	(363)	
Total Other Financing Sources (Uses)	250	26,873	26,623	637	2,536	1,899
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(818,559)	(470,318)	348,241	(282,817)	(172,690)	110,127
Fund Balances at Beginning of Year	1,367,227	1,367,227		146,656	146,656	
Prior Year Encumbrances Appropriated	69,885	69,885		146,097	146,097	
Fund Balance at end of Year	\$618,553	\$966,794	\$348,241	\$9,936	\$120,063	\$110,127

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

(Continued)

Governmental Fund Types			Governmental Fund Types			Fiduciary Fund Type		
Debt Service			Capital Projects			Expendable Trust		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$100,000	\$116,694	\$16,694						
						\$500	\$530	\$30
1,410,000	1,628,023	218,023						
1,510,000	1,744,717	234,717				500	530	30
			\$116,325	\$107,299	\$9,026	2,441	1,966	475
			9,525	8,228	1,297			
40,000	31,692	8,308						
1,005,000	1,005,000							
609,000	608,903	97						
1,654,000	1,645,595	8,405	125,850	115,527	10,323	2,441	1,966	475
(144,000)	99,122	243,122	(125,850)	(115,527)	10,323	(1,941)	(1,436)	505
(144,000)	99,122	243,122	(125,850)	(115,527)	10,323	(1,941)	(1,436)	505
413,912	413,912		125,245	125,245		1,575	1,575	
			605	605		366	366	
\$269,912	\$513,034	\$243,122	\$10,323	\$10,323		\$505	\$505	

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Types
	Enterprise
Operating Revenues:	
Sales	\$466,090
Other Revenues	486
	466,576
Total Operating Revenues	466,576
Operating Expenses	
Salaries	284,758
Fringe Benefits	39,081
Purchased Services	21,578
Materials and Supplies	300,953
Depreciation	26,247
Other	10,002
	682,619
Total Operating Expenses	682,619
Operating Income (Loss)	(216,043)
Non-Operating Revenues and Expenses	
Federal Donated Commodities	48,834
Interest	9,681
Federal and State Subsidies	77,658
	136,173
Total Non-Operating Revenues and Expenses	136,173
Net Income (Loss)	(79,870)
Depreciation on Fixed Assets Acquired by Contributed Capital	17,666
Retained Earnings at Beginning of Year (Restated)	148,336
	86,132
Retained Earnings at End of Year	86,132
Contributed Capital at Beginning of Year (Restated)	169,825
Depreciation on Fixed Assets Acquired by Contributed Capital	(17,666)
Contributed Capital at End of Year	152,159
Total Fund Equity at End of Year	\$238,291

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Types
	Enterprise
Increase(Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Sales	\$465,693
Other Cash Receipts	486
Cash Payments to Suppliers for Goods and Service	(249,776)
Cash Payments for Contract Services	(21,578)
Cash Payments for Employee Services	(229,787)
Cash Payments for Employee Benefits	(63,837)
Other Cash Payments	(10,002)
Net Cash Provided (Used) by Operating Activities	(108,801)
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	77,405
Net Cash Provided (Used) by Noncapital Financing Activities	77,405
Cash Flows from Investing Activities:	
Interest Received	10,079
Net Cash Provided (Used) by Investing Activities	10,079
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(13,523)
Net Cash Provided (Used) by Capital and Related Financing Activities	(13,523)
Net Increase (Decrease) in Cash and Cash Equivalents	(34,840)
Cash and Cash Equivalents at Beginning of Year	190,230
Cash and Cash Equivalents at End of Year	\$155,390
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	(\$216,043)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:	
Depreciation	26,247
Donated Commodities Used During the Year	48,834
Adjustments to Capital Outlay	4,936
(Increase) Decrease in Assets:	
Accounts Receivable	(397)
Material and Supplies Inventory	(1,106)
Increase (Decrease) in Liabilities:	
Compensated Absences Payable	(929)
Intergovernmental Payable	(2,074)
Deferred Revenue	(183)
Accrued Wages and Benefits	33,218
Accounts Payable	(1,304)
Total Adjustments	107,242
Net Cash Provided (Used) by Operating Activities	(\$108,801)

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

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1969 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 225 square miles, 201 square miles in Logan County, 18 square miles in Hardin County, and six square miles in Union County. It is located in Logan County, and includes the Villages of Belle Center, Rushsylvania, Valley High, Middleburg, West Mansfield, Zanesfield, and East Liberty. The District is the 270th largest in the State of Ohio (among 612 school districts) in terms of enrollment. The District is staffed by 93 non-certificated employees, 127 certificated full-time teaching personnel who provide services to 2,075 students and other community members. The District currently operates three instructional buildings and a garage building.

Reporting Entity:

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

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

The School District is associated with three organizations, which are defined as jointly governed organizations, an insurance purchasing pool, and a related organization. These organizations include the Western Ohio Computer Organization, the Ohio Hi-Point Joint Vocational School District, the Western Central Ohio Special Education Regional Resource Center, the Ohio School Boards Association Worker's Compensation Group Rating Plan, and the Belle Center Free Public Library. These organizations are presented in Notes 15, 16, and 17 to the general purpose financial statements.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

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

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Proprietary Fund Type:

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

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

Fiduciary Fund Types:

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

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

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

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

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

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

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

C. Budgetary Process

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

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

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

Tax Budget:

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

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Appropriations:

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

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

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

Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Investments

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

During fiscal year 2000, investments were limited to STAR Ohio, repurchase agreements, and certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District had invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. 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, 2000.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Investments (Continued)

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 the fiscal year 2000 amounted to \$151,363, which includes \$48,891 assigned from other district funds.

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

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

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

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

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems
- Title I
- Title VI
- Title VI-B
- Professional Development Grant
- Ohio Reads Grant
- Character Education Grant
- Raising the Bar Grant
- School to Work Grant
- Title VI-R Grant

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 39 percent of the District's operating revenue during the 2000 fiscal year.

I. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for employees after 10 years of current service with the District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

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

L. Interfund Transactions

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

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

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for amounts required by statute to be set-aside by the District for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves

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

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

O. Contributed Capital

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

P. Estimates

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

Q. Total Columns on General Purpose Financial Statements

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

3. RESTATEMENT OF PRIOR YEAR RETAINED EARNINGS AND CONTRIBUTED CAPITAL

The Enterprise Funds retained earnings were understated by \$64,800 in the prior year due to the incorrect accounting for depreciation on contributed capital.

The effect of these changes on retained earnings for the Enterprise Funds as previously reported for the year ended June 30, 1999, are as follows:

Retained earnings as previously reported	\$83,536
Restatement	<u>64,800</u>
Restated amount for the year ended June 30, 1999	\$148,336

The Enterprise Fund's contributed capital was overstated by \$64,800 due to not showing depreciation on contributed capital.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

**3. RESTATEMENT OF PRIOR YEAR RETAINED EARNINGS AND CONTRIBUTED CAPITAL
(Continued)**

The effect of these changes on contributed capital for the retained earnings for the Enterprise Fund type as previously reported for the year ended June 30, 1999, are as follows:

Contributed Capital as previously reported	\$234,625
Restatement	<u>(64,800)</u>
Restated amount for the year ended June 30, 1999	\$169,825

4. BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	(\$470,318)	(\$172,690)	\$99,122	(\$115,527)	(\$1,436)
Revenue Accruals	(17,002)	23,334	(12,793)		
Expenditure Accruals	(173,207)	24,013		125	
Other Sources/Uses	(26,873)	(5,040)			
Encumbrances	109,299	53,067			
GAAP Basis	(\$578,101)	(\$77,316)	\$86,329	(\$115,402)	(\$1,436)

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

At fiscal year end, the School District had \$23,271 in cash and cash equivalents held by the Logan County Educational Service Center which is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent". The Educational Service Center holds this flow through grant money for the School District together with that of other school districts, and therefore, the School District cannot classify this money by risk under GASB Statement No. 3.

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$901,848 and the bank balance was \$1,200,319. Of the bank balance, \$191,953 was covered by federal depository insurance and \$1,008,366 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

Investments:	Category 3	Cost	Fair Value
Repurchase Agreement	\$195,372	\$195,372	\$195,372
STAR Ohio		907,619	907,619
Total	<u>\$195,372</u>	<u>\$1,102,991</u>	<u>\$1,102,991</u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$2,028,160	
Cash on Hand	(50)	
Cash on Hand with Fiscal Agent	(23,271)	
Investments:		
Repurchase Agreement	(195,372)	\$195,372
STAR Ohio	(907,619)	907,619
<u>GASB Statement No. 3</u>	<u>\$901,848</u>	<u>\$1,102,991</u>

6. PROPERTY TAXES

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

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

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

The District receives property taxes from Logan, Hardin, and Union Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000 are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$175,599 in the General Fund and \$65,708 in the Bond Retirement Debt Service Fund.

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$136,602,030	60%	\$142,550,890	63%
Public Utility	15,048,230	7%	14,179,760	6%
Tangible Personal Property	75,094,465	33%	71,520,489	31%
Total Assessed Value	<u>\$226,744,725</u>	<u>100%</u>	<u>\$228,251,139</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$36.90		\$36.70	

7. RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes and accounts receivable. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes	\$4,949,266
Accounts	9,427
Special Revenue Funds	
Accounts	5,320
Debt Service Fund	
Taxes	1,190,392
Enterprise Funds	
Accounts	481
Intergovernmental	11,308
Agency Funds	
Accounts	345
Total Receivables	<u>\$6,166,539</u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$370,596
Less: Accumulated Depreciation	(195,455)
Net Fixed Assets	\$175,141

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
Land and Improvements	\$701,405			\$701,405
Buildings and Improvements	21,461,243			21,461,243
Furniture and Equipment	1,326,391	\$343,624	\$54,665	1,615,350
Vehicles	1,706,394			1,706,394
Totals	\$25,195,433	\$343,624	\$54,665	\$25,484,392

9. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000 and 1999. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$347,561, \$313,654, and \$526,426, respectively; 89 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$129,500, is recorded as a liability within the respective funds.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer-defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$86,892, \$116,852, and \$143,132, respectively; 64 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$130,194, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System and have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2000, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

10. POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$463,415 for fiscal year 2000.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$173,879 for fiscal year 2000.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984, and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

11. EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for 26.67 percent of accrued, but unused sick leave credit to a maximum of 60 days for all employees.

B. Life Insurance

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. LONG-TERM OBLIGATIONS

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

	Principal Outstanding 06/30/99	Additions	Reductions	Principal Outstanding 06/30/00
1994 New School Building	\$7,515,000		\$535,000	\$6,980,000
1997 New School Building	1,445,000		10,000	1,435,000
Capital Appreciation Bonds	54,113	\$12,559		66,672
Refinancing Bonds	3,765,000		460,000	3,305,000
Capital Appreciation Bonds	744,367	125,744		870,111
Long-Term Bonds	\$13,523,480	\$138,303	\$1,005,000	\$12,656,783
Pension Obligation	90,000	14,503		104,503
Compensated Absences	1,043,735	160,710		1,204,445
Total Long-Term Obligations	<u>\$14,657,215</u>	<u>\$313,516</u>	<u>\$1,005,000</u>	<u>\$13,965,731</u>

1997 Elementary and Middle School Improvement Bonds

Elementary & Middle School General Obligation Bonds - On December 1, 1997, Benjamin Logan Local School District issued \$1,499,113 in voted general obligation bonds for new elementary and middle schools. The bonds were issued for an eighteen year period with final maturity at December 1, 2015. The bonds will be retired from the debt service fund. The Bond issue consists of \$745,000 Current Interest Serial Bonds at interest rates ranging from 4.1 to 4.75%, \$54,113 Capital Appreciation Bonds with interest rates at approximately 14.5% (or the rate that, when applied to the original principal amount, compounded semi-annually results in the maturity amount) for an approximate yield to maturity of 5 to 5.1%, and \$700,000 Current Interest Term Bonds with an interest rate of 5% and yield rate of 5.1%.

The Capital Appreciation Bonds will mature in fiscal years 2010 and 2011. The maturity amount of the bonds is \$355,000. For fiscal year 2000, \$12,559 was accreted for a total bond value of \$66,672.

The Current Interest Serial Bonds will bear interest, payable on June 1 and December 1 of each year, beginning December 1, 1998 until maturity or earlier redemption. The Capital Appreciation bonds will accrue interest, compounded semiannually on June 1 and December 1, from the date of their issuance, but the interest will be payable only at maturity.

Mandatory Sinking Fund Redemption

The Term Bonds maturing on December 1, 2015 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount To be Redeemed</u>
2012	\$190,000
2013	195,000
2014	205,000

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

The remaining principal amount of such Current Interest Bonds (\$110,000) will mature at stated maturity on December 1, 2015.

Optional Redemption

Interest on the Current Interest Serial Bonds maturing on or after December 1, 2008, are also subject to prior redemption on or after December 1, 2007, by and at the sole option of the Board, either in whole or in part on any interest payment date and in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date:

<u>Redemption Period</u>	<u>Redemption Price</u>
December 1, 2007 through November 30, 2008	101%
December 1, 2008 and thereafter	100%

1994 New School General Obligations Bonds

New School General Obligation Bonds - On January 1, 1994, the Benjamin Logan Local School District issued \$9,985,000 in voted general obligation bonds for the purpose of constructing a new elementary and middle school. The bonds will be retired from the debt service fund. The Bond issue consists of \$6,725,000 Serial Bonds with interest rates ranging from 2.35% to 4.7% and , \$3,260,000 Term Bonds at 5.2% interest.

The Serial Bonds will bear interest, payable on June 1 and December 1 of each year, beginning December 1, 1994 until maturity or earlier redemption. The bonds maturing on or after December 1, 2004 are subject to optional redemption by the District prior to maturity, beginning December 1, 2003, and the Term Bonds are subject to mandatory prior redemption.

Mandatory Sinking Fund Redemption

The Term Bonds maturing on December 1, 2010 are subject to mandatory sinking fund redemption in part by lot (with the balance of \$520,000 to be paid at stated maturity on December 1, 2010) at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount To be Redeemed</u>
2006	\$720,000
2007	710,000
2008	675,000
2009	635,000

Term Bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

Optional Redemption

The Bonds maturing on or after December 1, 2004, are also subject to prior redemption on or after December 1, 2003, by and at the sole option of the Board, either in whole or in part on any interest payment date and in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date:

<u>Redemption Period</u>	<u>Redemption Price</u>
December 1, 2003 through November 30, 2004	102%
December 1, 2004 through November 30, 2005	101%
December 1, 2005 and thereafter	100%

1993 School Refinancing Bonds

Refinancing General Obligation Bonds - On April 15, 1993, the Benjamin Logan Local School District issued \$6,334,108 in voted general obligation bonds for the construction of a new high school building. The bonds were issued for a fifteen year period with final maturity at December 1, 2008. The bond issue consists of \$4,940,000 of Current Interest Serial Bonds with interest rates ranging from 2.5 to 15% with yield rates of 2.5 to 5%, and \$284,107 Capital Appreciation bonds with interest rates of 15.8% (or the rate that, when applied to the original principal amount, compounded semi-annually results in the maturity amount) for an approximate yield to maturity of 5.6 to 5.8%, and \$1,110,000 Current Interest Term Bonds with an interest rate of 5.65%. The bonds will be retired from the debt service fund.

The Capital Appreciation Bonds will mature in fiscal years 2004 to 2006. The maturity amount of the bonds is \$1,905,000. For fiscal year 2000, \$125,744 was accreted for a total bond value of \$870,111.

The Current Interest Serial Bonds will bear interest, payable on June 1 and December 1 of each year, beginning December 1, 2008 until maturity or earlier redemption. The Capital Appreciation bonds will accrue interest, compounded semiannually on June 1 and December 1, from the date of their issuance, but the interest will be payable only at maturity.

Mandatory Sinking Fund Redemption

The Current Interest Bonds maturing on December 1, 2008 (Current Interest Term Bonds) are subject to mandatory sinking fund redemption to occur on December 1, 2007 in the principal amount of \$645,000 (with the balance of \$465,000 to be paid at stated maturity on December 1, 2008) at a redemption price equal to 100% of the principal amount redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory requirement.

Optional Redemption

The Current Interest Term Bonds maturing on or after December 1, 2008, are also subject to prior redemption on any date on or after December 1, 2003, by and at the sole option of the Board, either in whole or in part on any interest payment date and in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date:

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. LONG TERM OBLIGATIONS (Continued)

<u>Redemption Period</u>	<u>Redemption Price</u>
December 1, 2003 through November 30, 2004	102%
December 1, 2004 through November 30, 2005	101%
December 1, 2005 and thereafter	100%

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

The District's voted legal debt margin was \$8,345,820 with an unvoted debt margin of \$228,251 at June 30, 2000

Principal and interest requirements to retire general obligation debt at June 30, 2000 are as follows:

<u>Fiscal year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$1,075,000	\$552,531	\$1,627,531
2002	1,145,000	499,087	1,644,087
2003	1,205,000	445,796	1,650,796
2004	1,265,000	388,128	1,653,128
2005	1,056,365	863,060	1,919,425
2006-2010	5,623,746	2,102,550	7,726,296
2011-2015	1,176,672	445,907	1,622,579
2016-2020	110,000	2,750	112,750
Total	<u>\$12,656,783</u>	<u>\$5,299,809</u>	<u>\$17,956,592</u>

13. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Benjamin Logan Local School District as of and for the fiscal year ended June 30, 2000.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$461,598	\$4,978	\$466,576
Operating Expenses less Depreciation	(652,115)	(4,257)	(656,372)
Depreciation Expense	(26,247)		(26,247)
Operating Income (Loss)	(216,764)	721	(216,043)
Donated Commodities	48,834		48,834
Grants	77,658		77,658
Interest	9,681		9,681
Net Income (Loss)	<u>(\$80,591)</u>	<u>\$721</u>	<u>(\$79,870)</u>
Fixed Asset Additions	8,587		8,587
Fixed Asset Deletions	3,800		3,800
Net Working Capital	<u>\$103,472</u>	<u>\$6,462</u>	<u>\$109,934</u>
Total Assets	<u>\$348,981</u>	<u>\$6,462</u>	<u>\$355,443</u>
Total Liabilities	117,152		117,152
Total Equity	<u>\$231,829</u>	<u>\$6,462</u>	<u>\$238,291</u>

14. RISK MANAGEMENT

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

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

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

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

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. JOINTLY GOVERNED ORGANIZATIONS

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

Ohio Hi-Point Joint Vocational School District - The Ohio Hi-Point Joint Vocational School District is a distinct political subdivision of the State of Ohio, which possesses its own budgeting and taxing authority. The Vocational School is governed by a board of education that consists of a representative from each participating school district and its degree of control is limited to its representation on that board. To obtain financial information write to the Ohio Hi-Point Joint Vocational School District, R. Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311-9594.

West Central Ohio Special Education Regional Resource Center - The West Central Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SERRC is governed by a board of 52 members made up of the 50 superintendents of the participating districts, one non-public school, and Wright State University whose terms rotate every year.

The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Krista Hart, Treasurer, at the Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

16. RELATED ORGANIZATION

Belle Center Free Public Library - The Belle Center Free Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Benjamin Logan Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Belle Center Free Public Library, Russell Millisor, Clerk/Treasurer, at 103 South Elizabeth Street, PO Box 336, Belle Center, Ohio 44310.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

17. INSURANCE PURCHASING POOL

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

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

18. CONTINGENCIES - GRANTS

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

19. STATE SCHOOL FOUNDATION DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature 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 School District. During the fiscal year ended June 30, 2000, the School District received \$4,072,627 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County 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 appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "the mandate of the Ohio Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "major areas warrant further attention, study, and development by the General Assembly," including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

19. STATE SCHOOL FOUNDATION DECISION (Continued)

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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.

20. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1999			\$56,366	
Current Year Set-aside Requirement	\$237,716	\$237,716	79,143	
Current Year Offsets	(24,696)			
Qualifying Disbursements	<u>(226,425)</u>	<u>(101,550)</u>		
Total	<u>(\$13,405)</u>	<u>\$136,166</u>	<u>\$135,509</u>	
Cash Balance Carried Forward to FY 2001		<u>\$136,166</u>	<u>\$135,509</u>	
Amount restricted for Capital Improvements				\$136,166
Amount restricted for Budget Stabilization				<u>135,509</u>
Total Restricted Assets				<u>\$271,675</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts for textbooks to below zero; however, the District has chosen not to use these amounts to reduce the set aside requirement of future years.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Catalog of Federal Domestic Assistance Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$43,651	\$0	\$43,834
National School Lunch Program	04-PU 00	10.555	74,264	0	74,264	0
Total Department of Agriculture - Nutrition Cluster			74,264	43,651	74,264	43,834
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States	6B-SF 98 P	84.027	91,069	0	91,069	0
Title 1, Part A, ESEA	C1-S1 99	84.010	0	0	28,315	0
	C1-S1 00	84.010	151,482	0	138,647	0
Total Title 1			151,482	0	166,962	0
Innovative Educational Program Strategies	C2-S1 00	84.298	11,458	0	11,458	0
Technology Literacy Challenge Fund Grants	TF-31 98 P	84.318	0	0	145,228	0
	TF-31 99 P	84.318	225,000	0	166,054	0
			225,000	0	311,282	0
Class Size Reduction	CR-S1 00	84.340	35,650	0	30,632	0
Total Department of Education			514,659	0	611,403	0
UNITED STATES DEPARTMENT OF LABOR						
<i>Passed Through Ohio Department of Education:</i>						
School to Work	WK-BE-1999	17.249	15,000	0	15,000	0
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$603,923</u>	<u>\$43,651</u>	<u>\$700,667</u>	<u>\$43,834</u>

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2000**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation has been incurred.

NOTE B – NUTRITION CLUSTER

Nonmonetary assistance, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with state grants. It is assumed that federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

NOTE C – FEDERAL AWARDS EXPENDITURES ADMINISTERED BY OTHER GOVERNMENTS

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

FEDERAL GRANTOR/ Pass Through Grantor/ Program Titles	Federal CFDA Number	Project Number	Amount of Allotment
UNITED STATES DEPARTMENT OF EDUCATION			
Passed though Ohio Department of Education - to Logan County Educational Service Center			
Eisenhower Professional Development State Grants	84.281	MS-S1	\$7,961
Safe and Drug Free Schools	84.186	DR-S1	5,220



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

Benjamin Logan Local School District
Logan County
4626 County Road 26
Bellefontaine, Ohio 43311-9532

To the Board of Education:

We have audited the financial statements of the Benjamin Logan Local School District, Logan County, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated December 6, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 6, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 6, 2000.

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

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

Jim Petro
Auditor of State

December 6, 2000



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

Benjamin Logan Local School District
Logan County
4626 County Road 26
Bellefontaine, Ohio 43311-9532

To the Board of Education:

Compliance

We have audited the compliance of the Benjamin Logan Local School District, Logan County (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal program for the year ended June 30, 2000. 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 programs 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, 2000.

Internal Control Over Compliance

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

Benjamin Logan Local School District
Logan County
Report on Compliance With Requirements Applicable to
Each Major Federal Program and Internal Control Over
Compliance In Accordance With OMB Circular A-133
Page 2

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

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

Jim Petro
Auditor of State

December 6, 2000

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

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

JUNE 30, 2000

1. 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 control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(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):	Technology Literacy Challenge Fund Grants - CFDA: 84.318
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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BENJAMIN LOGAN LOCAL SCHOOL DISTRICT

LOGAN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 02, 2001**