



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

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**STATE OF OHIO**



**Logan Elm Local School District  
General Purpose Financial Statements  
Year Ended June 30, 2002**

FINANCIAL SECTION

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Board of Education  
Logan Elm Local School District  
Pickaway County  
9579 Tarlton Road  
Circleville, Ohio 43113

We have audited the accompanying general-purpose financial statements of the Logan Elm Local School District, Pickaway County, Ohio (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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**JIM PETRO**  
Auditor of State

December 3, 2002

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**Logan Elm Local School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
Year Ended June 30, 2002**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b>Assets and Other Debits:</b>			
Equity in Pooled Cash and Investments	\$ 4,792,995	353,515	0
Restricted Assets	170,623	0	0
Cash with Fiscal Agent	0	0	0
Taxes Receivable	6,420,794	0	215,413
Interfund Receivable	9,191	0	0
Due from Other Funds	0	0	0
Intergovernmental Receivable	36,697	5,523	0
Other Receivable	279	590	0
Supplies Inventory	0	0	0
Inventory for Resale	0	0	0
Due from Other Governments	0	0	0
Property, Plant & Equipment (Net of Depreciation, where applicable)	0	0	0
Amount to be Provided for Retirement of General Long Term Debt	0	0	0
<b>Total Assets and Other Debits</b>	<b><u>\$ 11,430,579</u></b>	<b><u>359,628</u></b>	<b><u>215,413</u></b>
<b>Liabilities:</b>			
Interfund Payable	\$ 0	6,300	2,891
Due to Other Funds	228,200	532	0
Intergovernmental Payable	9,684	778	0
Accounts Payables	78,631	28,830	1,006
Accrued Salaries & Benefits	1,291,428	107,433	0
Deferred Revenue	5,391,574	0	184,532
Claims Payable	0	0	0
Due to Others	0	0	0
Capital Leases Payable	0	0	0
Compensated Absences Payable	18,687	0	0
<b>Total Liabilities</b>	<b><u>7,018,204</u></b>	<b><u>143,873</u></b>	<b><u>188,429</u></b>
<b>Fund Equity and Other Credits:</b>			
Investment in General Fixed Assets	0	0	0
Retained Earnings	0	0	0
<b>Fund Balances:</b>			
Reserved for Encumbrances	17,144	79,820	210,852
Reserved for Trust	0	0	0
Reserved for Budget Stabilization	170,623	0	0
Reserved for Future Appropriation	1,029,220	0	30,881
Unreserved Fund Balance	3,195,388	135,935	(214,749)
<b>Total Fund Equity</b>	<b><u>4,412,375</u></b>	<b><u>215,755</u></b>	<b><u>26,984</u></b>
<b>Total Fund Balances/Retained Earnings and Other Credits</b>	<b><u>4,412,375</u></b>	<b><u>215,755</u></b>	<b><u>26,984</u></b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b><u>\$ 11,430,579</u></b>	<b><u>359,628</u></b>	<b><u>215,413</u></b>

See Accompanying Notes to the General Purpose Financial Statements



Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals 2002 (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed	General Long Term	
128,064	286,652	394,783	0	0	\$ 5,956,009
0	0	0	0	0	170,623
0	0	0	0	0	0
0	0	0	0	0	6,636,207
0	0	0	0	0	9,191
0	0	262,984	0	0	262,984
3,654	0	0	0	0	45,874
25	0	3,828	0	0	4,722
4,708	0	0	0	0	4,708
14,813	0	0	0	0	14,813
0	0	0	0	0	0
141,306	0	0	10,614,312	0	10,755,618
0	0	0	0	1,102,361	1,102,361
<u>292,570</u>	<u>286,652</u>	<u>661,595</u>	<u>10,614,312</u>	<u>1,102,361</u>	<u>24,963,110</u>
0	0	0	0	0	\$ 9,191
34,252	0	0	0	0	262,984
233	77,152	262,984	0	127,674	478,505
964	397	3,073	0	0	112,901
49,649	0	0	0	0	1,448,510
0	0	0	0	0	5,576,106
0	285,174	0	0	0	285,174
0	0	220,833	0	0	220,833
0	0	0	0	661	661
34,425	0	0	0	974,026	1,027,138
<u>119,523</u>	<u>362,723</u>	<u>486,890</u>	<u>0</u>	<u>1,102,361</u>	<u>9,422,003</u>
0	0	0	10,614,312	0	10,614,312
173,047	(76,071)	0	0	0	96,976
0	0	1,492	0	0	309,308
0	0	104,300	0	0	104,300
0	0	0	0	0	170,623
0	0	0	0	0	0
0	0	0	0	0	1,060,101
0	0	68,913	0	0	3,185,487
0	0	174,705	0	0	4,829,819
<u>173,047</u>	<u>(76,071)</u>	<u>174,705</u>	<u>10,614,312</u>	<u>0</u>	<u>15,541,107</u>
<u>292,570</u>	<u>286,652</u>	<u>661,595</u>	<u>10,614,312</u>	<u>1,102,361</u>	<u>\$24,963,110</u>

**Logan Elm Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**All Governmental Fund Types and Expendable Trust Fund**  
**Year Ended June 30, 2002**

	Governmental Fund Types			Fiduciary	Totals
	General	Special Revenue	Capital Projects	Expendable Trust	(Memorandum) (Only)
<b>REVENUES:</b>					
Revenue from Local Sources					
Taxes	\$ 6,981,063	0	212,218	0	\$ 7,193,281
Tuition	94,013	0	0	0	94,013
Transportation Fees	28,609	0	0	0	28,609
Earnings on Investment	199,521	0	0	6,610	206,131
Extracurricular Activities	0	272,783	0	0	272,783
Classroom Materials & Fees	61,225	0	0	0	61,225
Miscellaneous	26,912	7,875	0	61,928	96,715
Revenue from Intermediate Sources					
Restricted Grants in Aid	0	45,859	0	0	45,859
Revenue in Lieu of Taxes	37,569	0	0	0	37,569
Revenue from State Sources					
Unrestricted Grants in Aid	7,268,001	0	15,736	0	7,283,737
Restricted Grants in Aid	266,062	211,028	0	0	477,090
Revenue for/on Behalf of District	0	0	0	0	0
Revenue from Federal Sources					
Restricted Grants in Aid	0	1,152,314	0	0	1,152,314
<b>Total Revenue</b>	<b>14,962,975</b>	<b>1,689,859</b>	<b>227,954</b>	<b>68,538</b>	<b>16,949,326</b>
<b>EXPENDITURES:</b>					
Instruction					
Regular Instruction	6,892,978	551,527	16,613	746	7,461,864
Special Instruction	1,347,341	424,170	0	0	1,771,511
Vocational Instruction	45,486	0	0	0	45,486
Supporting Services					
Supporting Services-Pupils	407,801	58,155	22,998	6,574	495,528
Supporting Services-Instructional Staff	534,191	442,096	0	6,995	983,282
Supporting Services-Board of Education	108,793	154	0	750	109,697
Supporting Services-Administration	1,556,490	119,631	3,886	0	1,680,007
Fiscal Services	324,930	0	0	0	324,930
Support Services-Business	5,775	0	0	0	5,775
Operation & Maintenance-Plant	1,457,762	0	125,856	0	1,583,618
Supporting Services-Pupil Transportation	1,203,384	4,821	0	0	1,208,205
Central Services	152,133	24,397	0	0	176,530
Extracurricular Activities					
Academic & Subject Oriented Activities	0	10,772	0	0	10,772
Occupation Oriented Activities	0	4,139	0	0	4,139
Sports Oriented Activities	282,674	153,997	0	17,321	453,992
Co-curricular Activities	0	426	0	0	426
Building Acquisition & Construction	43,842	0	0	0	43,842
<b>Total Expenditures</b>	<b>14,363,580</b>	<b>1,794,285</b>	<b>169,353</b>	<b>32,386</b>	<b>16,359,604</b>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	599,395	(104,426)	58,601	36,152	589,722
Other Financing Sources and Uses:					
Transfers-In	0	0	0	0	0
Refund of Prior Years' Expenditures	74,870	0	443	0	75,313
Transfers-Out	0	0	0	0	0
Refund of Prior Years' Receipts	0	(261)	0	0	(261)
Other Miscellaneous Use of Funds	0	0	0	(1,000)	(1,000)
<b>Net Other Financing Sources and Uses</b>	<b>74,870</b>	<b>(261)</b>	<b>443</b>	<b>(1,000)</b>	<b>74,052</b>
Excess (Deficiency) of Revenue Receipts and Other Sources Over (Under) Expenditure Disbursement and Other Uses					
	674,265	(104,687)	59,044	35,152	663,774
Beginning Fund Balance	3,738,110	320,442	(32,060)	35,253	4,061,745
<b>Ending Fund Balance</b>	<b>\$ 4,412,375</b>	<b>215,755</b>	<b>26,984</b>	<b>70,405</b>	<b>\$ 4,725,519</b>

See Accompanying Notes to the General Purpose Financial Statements

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**Logan Elm Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Expendable Trust Fund**  
**Year Ended June 30, 2002**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 7,091,730	6,432,727	(659,003)	0	0	\$ 0
Tuition	66,312	70,261	3,949	0	0	0
Transportation Fees	27,001	28,609	1,608	0	0	0
Earnings on Investments	197,507	209,268	11,761	0	0	0
Extracurricular Activities	0	0	0	234,668	272,332	37,664
Classroom Materials & Fees	57,677	61,111	3,434	0	0	0
Miscellaneous	25,465	26,981	1,516	7,137	8,283	1,146
Intermediate Restricted Grants in Aid	0	0	0	6,928	8,040	1,112
Revenue in Lieu of Taxes	35,458	37,569	2,111	0	0	0
State Unrestricted Grants in Aid	6,859,801	7,268,001	408,200	0	0	0
State Restricted Grants in Aid	249,922	264,804	14,882	209,672	243,324	33,652
Revenue for/on Behalf of District	0	0	0	0	0	0
Federal Restricted Grants in Aid	0	0	0	1,051,154	1,219,815	168,661
<b>Total Revenue</b>	<b>14,610,873</b>	<b>14,399,331</b>	<b>(211,542)</b>	<b>1,509,559</b>	<b>1,751,794</b>	<b>242,235</b>
<b>Expenditures:</b>						
Regular Instruction	6,961,416	6,872,016	89,400	618,026	597,994	20,032
Special Instruction	1,351,770	1,334,141	17,629	437,607	423,422	14,185
Vocational Instruction	40,900	40,473	427	0	0	0
Support Services-Pupils	423,951	414,930	9,021	82,286	79,619	2,667
Support Services-Instructional Staff	538,830	529,882	8,948	465,281	450,199	15,082
Support Services-Board of Education	111,997	109,600	2,397	159	154	5
Support Services-Administration	1,578,579	1,563,779	14,800	128,081	123,929	4,152
Fiscal Services	355,562	326,108	29,454	0	0	0
Support Services-Business	5,775	5,775	0	0	0	0
Operation & Maintenance-Plant	1,528,014	1,499,134	28,880	0	0	0
Support Services-Transportation	1,225,050	1,215,387	9,663	4,981	4,820	161
Central Services	160,087	156,056	4,031	27,124	26,245	879
Academic & Subject Oriented	0	0	0	12,415	12,013	402
Occupation Oriented	0	0	0	5,539	5,359	180
Sports Oriented	283,665	280,580	3,085	177,375	171,626	5,749
Co-curricular Activities	0	0	0	467	452	15
Building Acquisition & Construction	99,315	99,315	0	0	0	0
<b>Total Expenditures</b>	<b>14,664,911</b>	<b>14,447,176</b>	<b>217,735</b>	<b>1,959,341</b>	<b>1,895,832</b>	<b>63,509</b>
Excess of Revenue Over (Under) Expenditures	(54,038)	(47,845)	6,193	(449,782)	(144,038)	305,744
<b>Other Financing Sources (Uses):</b>						
Transfers-In	0	0	0	0	0	0
Advances-In	0	287,771	287,771	0	147,467	147,467
Refund of Prior Years' Expenditures	0	63,987	63,987	0	0	0
Transfers-Out	0	0	0	0	0	0
Advances-Out	0	(150,358)	(150,358)	0	(141,374)	(141,374)
Refund of Prior Years' Receipts	0	0	0	(269)	(261)	8
Other Miscellaneous Use of Funds	0	0	0	0	0	0
<b>Total Other Sources (Uses)</b>	<b>0</b>	<b>201,400</b>	<b>201,400</b>	<b>(269)</b>	<b>5,832</b>	<b>6,101</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(54,038)	153,555	207,593	(450,051)	(138,206)	311,845
Beginning Fund Balance	4,630,523	4,630,523	0	306,667	306,667	0
Prior Year Carry Over Encumbrances	150,783	150,783	0	83,595	83,595	0
<b>Ending Fund Balance</b>	<b>\$ 4,727,268</b>	<b>4,934,861</b>	<b>207,593</b>	<b>(59,789)</b>	<b>252,056</b>	<b>\$ 311,845</b>

(Continued)

**Logan Elm Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Expendable Trust Fund- (continued)**  
**Year Ended June 30, 2002**

	Capital Projects Funds			Expendable Trust Funds		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Revenues:						
Taxes	\$ 198,794	196,048	(2,746)	0	0	\$ 0
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Earnings on Investments	0	0	0	2,751	3,515	764
Extracurricular Activities	0	0	0	0	0	0
Classroom Fees & Materials	0	0	0	0	0	0
Miscellaneous	0	0	0	48,474	61,928	13,454
Intermediate Restricted Grants in Aid	0	0	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	0	0	0
State Unrestricted Grants in Aid	15,956	15,736	(220)	0	0	0
State Restricted Grants in Aid	0	0	0	0	0	0
Revenue for/on Behalf of District	0	0	0	0	0	0
Federal Restricted Grants in Aid	0	0	0	0	0	0
<b>Total Revenue</b>	<b>214,750</b>	<b>211,784</b>	<b>(2,966)</b>	<b>51,225</b>	<b>65,443</b>	<b>14,218</b>
Expenditures:						
Regular Instruction	16,671	16,613	58	764	746	18
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Support Services-Pupils	23,081	23,000	81	7,755	7,567	188
Support Services-Instructional Staff	0	0	0	7,530	7,349	181
Support Services-Board of Education	0	0	0	768	750	18
Support Services-Administration	3,900	3,886	14	0	0	0
Fiscal Services	0	0	0	0	0	0
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	336,878	335,702	1,176	0	0	0
Support Services-Transportation	0	0	0	0	0	0
Central Services	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented	0	0	0	0	0	0
Sports Oriented	0	0	0	17,750	17,321	429
Co-curricular Activities	0	0	0	0	0	0
Building Acquisition & Construction	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>380,530</b>	<b>379,201</b>	<b>1,329</b>	<b>34,567</b>	<b>33,733</b>	<b>834</b>
Excess of Revenue Over (Under) Expenditures	(165,780)	(167,417)	(1,637)	16,658	31,710	15,052
Other Financing Sources (Uses):						
Transfers-In	0	0	0	0	0	0
Advances-In	0	2,891	2,891	0	0	0
Refund of Prior Years' Expenditures	250	443	193	0	0	0
Transfers-Out	0	0	0	0	0	0
Advances-Out	0	(146,397)	(146,397)	0	0	0
Refund of Prior Years' Receipts	0	0	0	0	0	0
Other Miscellaneous Use of Funds	0	0	0	(1,025)	(1,000)	25
<b>Total Other Sources (Uses)</b>	<b>250</b>	<b>(143,063)</b>	<b>(143,313)</b>	<b>(1,025)</b>	<b>(1,000)</b>	<b>25</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(165,530)	(310,480)	(144,950)	15,633	30,710	15,077
Beginning Fund Balance	37,098	37,098	0	34,362	34,362	0
Prior Year Carry Over Encumbrances	62,525	62,525	0	592	592	0
<b>Ending Fund Balance</b>	<b>\$ (65,907)</b>	<b>(210,857)</b>	<b>(144,950)</b>	<b>50,587</b>	<b>65,664</b>	<b>\$ 15,077</b>

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**Logan Elm Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Expendable Trust Fund- (continued)**  
**Year Ended June 30, 2002**

	Totals (Memorandum Only)		
	Revised	Actual	Variance
	Budget		Favorable (Unfavorable)
Revenues:			
Taxes	\$ 7,290,524	6,628,775	\$ (661,749)
Tuition	66,312	70,261	3,949
Transportation Fees	27,001	28,609	1,608
Earnings on Investments	200,258	212,783	12,525
Extracurricular Activities	234,668	272,332	37,664
Classroom Materials & Fees	57,677	61,111	3,434
Miscellaneous	81,076	97,192	16,116
Intermediate Restricted Grants in Aid	6,928	8,040	1,112
Revenue in Lieu of Taxes	35,458	37,569	2,111
State Unrestricted Grants in Aids	6,875,757	7,283,737	407,980
State Restricted Grants in Aids	459,594	508,128	48,534
Revenue for/on Behalf of District	0	0	0
Federal Restricted Grants in Aid	1,051,154	1,219,815	168,661
Total Revenue	<u>16,386,407</u>	<u>16,428,352</u>	<u>41,945</u>
Expenditures:			
Regular Instruction	7,596,877	7,487,369	109,508
Special Instruction	1,789,377	1,757,563	31,814
Vocational Instruction	40,900	40,473	427
Support Services-Pupils	537,073	525,116	11,957
Support Services-Instructional Staff	1,011,641	987,430	24,211
Support Services-Board of Education	112,924	110,504	2,420
Support Services-Administration	1,710,560	1,691,594	18,966
Fiscal Services	355,562	326,108	29,454
Support Services-Business	5,775	5,775	0
Operation & Maintenance-Plant	1,864,892	1,834,836	30,056
Support Services-Transportation	1,230,031	1,220,207	9,824
Central Services	187,211	182,301	4,910
Academic & Subject Oriented	12,415	12,013	402
Occupation Oriented	5,539	5,359	180
Sports Oriented	478,790	469,527	9,263
Co-Curricular Activities	467	452	15
Building Acquisition & Construction	99,315	99,315	0
Total Expenditures	<u>17,039,349</u>	<u>16,755,942</u>	<u>283,407</u>
Excess of Revenue Over (Under) Expenditures	(652,942)	(327,590)	325,352
Other Financing Sources (Uses):			
Transfers-In	0	0	0
Advances-In	0	438,129	438,129
Refund of Prior Years' Expenditures	250	64,430	64,180
Transfers-Out	0	0	0
Advances-Out	0	(438,129)	(438,129)
Refund of Prior Years' Receipts	(269)	(261)	8
Other Miscellaneous Use of Funds	(1,025)	(1,000)	25
Total Other Sources (Uses)	<u>(1,044)</u>	<u>63,169</u>	<u>64,213</u>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures			
and Other Financing Uses	(653,986)	(264,421)	368,450
Beginning Fund Balance	5,008,650	5,008,650	0
Prior Year Carry Over Encumbrances	297,495	297,495	0
Ending Fund Balance	<u>\$ 4,652,159</u>	<u>5,041,724</u>	<u>\$ 389,565</u>

See Accompanying Notes to the General Purpose Financial Statements

**Logan Elm Local School District**  
**Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balance**  
**All Proprietary Fund Types and Non-Expendable Trust Fund**  
**Year Ended June 30, 2002**

	Enterprise Fund	Internal Service Fund	Non- Expendable Fund	Totals (Memorandum) (Only)
Operating Revenues:				
Food Services	\$ 522,483	0	0	\$ 522,483
Miscellaneous	0	1,842,816	0	1,842,816
Total Operating Revenue	522,483	1,842,816	0	2,365,299
Operating Expenses:				
Personal Services - Salary	275,078	0	0	275,078
Employee Benefits	128,785	196,701	0	325,486
Purchased Services	40,650	67,179	0	107,829
Supplies and Materials	299,998	0	0	299,998
Claims Expense	0	1,742,137	0	1,742,137
Depreciation	17,460	0	0	17,460
Total Operating Expenses	761,971	2,006,017	0	2,767,988
Operating Gain (Loss)	(239,488)	(163,201)	0	(402,689)
Non-Operating Revenues:				
Earnings on Investment	4,483	0	0	4,483
Revenues from State Sources	5,794	0	0	5,794
Revenues from Federal Sources	196,411	0	0	196,411
Sale & Loss of Assets	(1,583)	0	0	(1,583)
Total Non-Operating Revenue	205,105	0	0	205,105
Net Income (Loss)	(34,383)	(163,201)	0	(197,584)
Beginning Retained Earnings/Fund Balance	207,430	87,130	104,300	398,860
Retained Earnings/Fund Balance at End of Year	<u>\$ 173,047</u>	<u>(76,071)</u>	<u>104,300</u>	<u>\$ 201,276</u>

See Accompanying Notes to the General Purpose Financial Statements

**Logan Elm Local School District**  
**Statement of Cash Flows**  
**All Proprietary Fund Types and Non-Expendable Trust Fund**  
**Year Ended June 30, 2002**

	Enterprise Fund	Internal Service Fund	Non- Expendable Fund	Totals (Memorandum (Only))
Cash Flows from Operating Activities				
Operating Gain (Loss)	\$ (239,488)	(163,201)	0	\$ (402,689)
Adjustments to Reconcile Operating Loss to Net Cash provided by Operating Activities:				
Depreciation	17,460	0	0	17,460
Donated Commodities Received During Year	36,178	0	0	36,178
Net (Increase) Decrease in Assets:				
Intergovernmental Receivable	(1,432)	0	0	(1,432)
Other Receivable	(25)	0	0	(25)
Inventory	(107)	0	0	(107)
Due from Other Governments	0	47,499	0	47,499
Net Increase (Decrease) in Liabilities:				
Due to Other Funds	1,586	0	0	1,586
Accounts Payable	270	4	0	274
Accrued Wages and Benefits	4,621	0	0	4,621
Compensated Absences	(704)	0	0	(704)
Intergovernmental Payable	64	77,152	0	77,216
Claims Payable	0	(102,809)	0	(102,809)
Net Adjustments	57,911	21,842	0	79,753
Net Cash Used in Operating Activities	(181,577)	(141,359)	0	(322,936)
Cash Flows from Noncapital Financing Activities:				
Grants from State and Federal Sources	158,124	0	0	158,124
Net Cash Provided by Noncapital Financing Activities	158,124	0	0	158,124
Cash Flows from Capital Financing Activities:				
Acquisition of Fixed Assets	(2,157)	0	0	(16,021)
Net Cash Provided by Capital Financing Activities	(2,157)	0	0	(16,021)
Cash Flows from Investing Activities:				
Interest	4,483	0	0	4,483
Net Cash Provided by Investing Activities	4,483	0	0	4,483
Net Increase in Cash & Cash Equivalents	(21,127)	(141,359)	0	(162,486)
Cash and Cash Equivalents at Beginning of Year	149,191	428,011	104,300	681,502
Cash and Cash Equivalents at End of Year	\$ 128,064	286,652	104,300	\$ 519,016

See Accompanying Notes to General Purpose Financial Statements



**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 1. Description of the School District and Reporting Entity**

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

The District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the District's instructional/support facilities staffed by 121 classified and 165 certificated personnel who provide services to 2,382 students and other community members.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure 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 Logan Elm Local District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes for the organization. The District has no component units.

The following entities which perform activities within the District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

***City of Circleville*** - The city governments are a separate body politic and corporate. A mayor and council are elected independent of any District relationships and administer the provision of traditional city services. The council acts as the taxing and budgeting authority for these city services.

***Townships of Pickaway, Washington, Salt Creek (Pickaway County), Perry, Salt Creek (Hocking County)*** - Township governments are separate bodies politic and corporate. A board of trustees and clerk are elected independent of any District relationships and administer the traditional township services. The Trustees act as the taxing and budgeting authority for these services.

***Pickaway County Public Library*** - The Library is a distinct political subdivision of the State of Ohio governed by a board of trustees. The board of trustees possesses it's own contracting and budgetary authority, hires and fires personnel and does not depend on the District for operational subsidies. The District does not exercise significant influence over its daily operations, participate in fiscal management or scope of public service, provide financial support, or hold accountability for fiscal matters.

***Parent Teacher Associations and Athletic/Music Boosters*** - These organizations exist to support various endeavors of the District through donations of time and other resources. Although the District benefits directly from the activities, the District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 1. Description of the School District and Reporting Entity (continued)**

The District is associated with two organizations, one of which is a public entity risk pool, and the other a jointly governed organization. These organizations are the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Metropolitan Educational Council (MEC). These organizations are discussed in Notes 11 and 14 to the general purpose financial statements.

**Note 2. Summary of Significant Accounting Policies**

The financial statements of the Logan Elm 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 its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

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

The District uses funds and account groups to report 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 regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial 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) 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 for major capital projects) that are legally restricted to expenditure for specified purposes.

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

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2. Summary of Significant Accounting Policies (continued)**

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

**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.

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

**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, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. The District's 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 obligations related to specific funds and those of a general nature, the following account groups are used:

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

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

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

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

All proprietary fund types and nonexpendable trust 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 type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2. Summary of Significant Accounting Policies (continued)**

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

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, accounts, grants, and interest.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

**C. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the one-digit object level within each two-digit function for the general fund and the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2. Summary of Significant Accounting Policies (continued)**

**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 County Budget Commission for rate determination.

**Estimated Resources** - By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

**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. Any revisions that alter the total of any fund appropriations or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. 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. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. 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 and reported in the notes to the financial statements for proprietary funds.

**Lapsing of Appropriations** - At the close of each 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.

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2. Summary of Significant Accounting Policies (continued)**

***D. Cash and Cash Equivalents***

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

During Fiscal Year 2002, the District invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio). 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, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$199,521. The expendable trust funds and enterprise funds also received interest revenue of \$6,610 and \$4,483 respectively.

For purposes of the statement of cash flows, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

***E. Restricted Assets***

Restricted assets in the general fund reflect cash and cash equivalents set aside for a budget stabilization reserve. The requirement for establishment of a budget stabilization reserve set-aside has been deleted from law effective July 1, 2000. However, the Board of Education has decided to leave amounts deposited in the budget stabilization reserve prior to July 1, 2000 where they currently reside and use them to offset future budget deficits.

***F. Taxes Receivable***

The financial statements reflect taxes receivable as of June 30, 2002. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period it is levied, provided the funds are "available". "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority is not due at June 30, 2002 and accordingly has been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

***G. Inventory***

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food and purchased food held for resale and supplies, and are expended when used. The purchase method is used for governmental funds and, thus, no inventories are reflected on the balance sheet for those fund types.

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2. Summary of Significant Accounting Policies (continued)**

***H. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

***I. 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 respective 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.

Improvements are capitalized. 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.

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

***J. 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.

***K. 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.

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2. Summary of Significant Accounting Policies (continued)**

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 all 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.

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources. Capital leases are recognized as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**M. *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.

**N. *Fund Balance Reserves***

The District reserves fund balance for amounts that are legally segregated for a specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity available for appropriation in future periods. Fund equity reserves have been established for encumbrances, nonexpendable trusts, budget stabilization, and future appropriation. The reserve for future appropriation represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

**O. *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.



**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 2. Summary of Significant Accounting Policies (continued)**

**P. Estimates**

The preparation of 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 may differ from those estimates.

**Note 3. Budgetary Basis of Accounting**

The following table summarizes 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 Governmental Fund Types and Similar Fiduciary Fund Type			
	Governmental Fund Types			Fiduciary
	General Fund	Special Revenue	Capital Project	Expendable Trust
GAAP Basis	\$ 674,265	\$ (104,687)	\$ 59,044	\$ 35,152
Increase (Decrease) Due to:				
Revenue Accruals	(574,527)	61,935	(16,170)	(3,095)
Expenditure Accruals	(66,452)	(21,727)	1,004	145
Encumbrances	(17,144)	(79,820)	(210,852)	(1,492)
Advances	137,413	6,093	(143,506)	0
Budget Basis	\$ 153,555	\$ (138,206)	\$ (310,480)	\$ 30,710

**Note 4. Cash and Investments**

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current 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 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 accounts, including passbook accounts.

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

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 4. Cash and Investments (continued)**

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

The following information classifies deposits and investments by categories of risk as defined in *GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."*

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 4. Cash and Investments (continued)**

Deposits: At year-end, the carrying amount of the District's deposits was \$2,669,771 and the bank balance was \$2,792,200 (amounts include \$104,300 in certificates of deposit). Of the bank balance:

1. \$225,475 was covered by federal depository insurance; and
2. \$2,566,725 was uninsured and uncollateralized.

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at fiscal year-end. All investments held at fiscal year-end were with STAR Ohio. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The reported amount of investments in STAR Ohio as of June 30, 2002 was \$3,456,861 which was also the fair value.

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, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."* A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per *GASB Statement No. 3* is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No.9	\$ 6,126,632	\$ 0
Investments:		
STAR Ohio	(3,456,861)	3,456,861
GASB Statement No. 3	\$ 2,669,771	\$ 3,456,861

**Note 5. Property Tax**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) is for calendar 2002 taxes.

2001 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2002 real property taxes are collected in and intended to finance fiscal year 2003.

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 5. Property Tax (continued)**

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien on December 31, 2001, are levied after April 1, 2002 and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statutes permit 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 semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Manufactured Home Tax, commonly referred to as House Trailer Tax, is based on the purchase price obtained from the title: (1) ninety-five percent unfurnished or (2) eighty percent furnished with a five percent drop each year

All property is required to be reappraised every six years. The last reappraisal for the District's home county was completed in 1999. The next triennial update is scheduled for 2002.

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

	<u>2001 Second- Half Collections</u>		<u>2002 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Property	\$174,837,150	71.28%	\$186,944,160	74.08%
Public Utility	21,269,960	8.67%	18,461,020	7.32%
Tangible Personal Property	<u>49,157,906</u>	<u>20.05%</u>	<u>46,945,291</u>	<u>18.60%</u>
Total Assessed Value	<u>\$245,265,016</u>	<u>100.00%</u>	<u>\$252,350,471</u>	<u>100.00%</u>

The full tax rate at the fiscal year ended June 30, 2002 for operations was \$40.50 per \$1,000 of assessed valuation.

The District receives property taxes from Pickaway and Hocking County. 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, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 5. Property Tax (continued)**

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002 was \$705,595, and is recognized as revenue. Approximately \$685,217 was available to the general fund and \$20,378 was available to the permanent improvement fund.

**Note 6. Receivables**

Receivables at June 30, 2002 consisted of taxes, intergovernmental, and other (miscellaneous). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes.

**Note 7. Fixed Assets**

The following is a summary of the enterprise funds' property, plant and equipment at June 30, 2002:

Furniture and Equipment	\$ 442,735
Less Accumulated Depreciation	<u>(301,429)</u>
Net Fixed Assets	<u>\$ 141,306</u>

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2002:

	General Fixed Assets June 30, 2001	Additions	Deletions	General Fixed Assets June 30, 2002
Land	\$ 8,024	\$ 0	\$ 0	\$ 8,024
Buildings	4,397,885	165,797	0	4,563,682
Improvements	1,137,012	0	0	1,137,012
Furniture and Equipment	3,197,547	156,894	17,328	3,337,113
Vehicles	1,491,740	108,106	31,365	1,568,481
<b>Total</b>	<b>\$ 10,232,208</b>	<b>\$ 430,797</b>	<b>\$ 48,693</b>	<b>\$ 10,614,312</b>

There was no significant construction in progress at June 30, 2002.

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 8. Defined Benefit Pension Plans**

**A. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit 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 for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 E. Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$710,187, \$694,390, and \$402,665, respectively; 83.33 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$118,365, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 E. Broad Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$128,457, \$88,013, and \$111,531, respectively; 50.00 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$64,228, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security**

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

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 9. Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. 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 is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$336,405 for fiscal year 2002; 83.33 percent has been contributed as of June 30, 2002. \$56,067, representing the unpaid portion for fiscal year 2002, is recorded as a liability within the respective funds. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.256 billion at June 30, 2001 (the latest information available). For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 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.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$240,191; 41.82 percent has been contributed as of June 30, 2002. \$139,732, representing the unpaid portion for fiscal year 2002, is recorded as a liability within the respective funds.

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 the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 10. Employee Benefits**

**A. Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Administrators and classified staff earn ten to thirty days of vacation per year, depending upon length of service and position. 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. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

**B. Deferred Compensation**

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. This plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency. The Ohio Public Employees Deferred Compensation Plan has established a trust fund whose assets are not held by the District in a fiduciary capacity and, thus, amounts are not reported on the District's balance sheet.

**Note 11. Risk Management**

**A. General Risk**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2002, the District contracted with Nationwide Insurance for liability, property, fleet, crime, and inland marine coverage. The District also purchases faithful performance bonds from Nationwide. Coverages provided at June 30, 2002 are as follows:

Building and Contents (\$1,000 deductible)	\$34,687,700
Boiler & Machinery	7,695,600
Inland Marine (\$250 deductible)	1,124,816
Automobile Liability (\$100 deductible)	2,000,000
Uninsured Motorists	2,000,000
Crime	
Theft, Inside or Outside the Premises	25,000
Public Employee Dishonesty	50,000
General Liability	
Aggregate	3,000,000
Per Occurrence	1,000,000
Fire Damage Limit (Any One Fire)	500,000
Medical Expense Limit (Any One Person)	10,000
Public Official Bonds	
Treasurer	50,000
Superintendent / Board President (each)	20,000
Board Vice President / 3 Administrative Assts (each)	5,000



**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 11. Risk Management (continued)**

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

**B. Workers Compensation**

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

**C. Health / Medical and Dental Insurance**

Health and dental insurance is offered to employees through self-insurance internal service funds. Professional Risk Management, Inc., is the third party administrator for both programs. In regards to health / medical insurance, the District participates as a member of the Ross County School Employees Insurance Consortium (RCSEIC). RCSEIC currently includes 16 member school districts. Health / medical insurance premiums are determined by the RCSEIC board of directors and are remitted monthly to the consortium's fiscal agent, who then pays all incurred claims. Dental insurance premiums are determined by the District Board of Education, which then pays all incurred claims. Professional Risk Management, Inc., a third party administrator, services all health / medical claims and dental claims submitted by employees. The District has obtained a stop-loss coverage insurance policy covering individual claims in excess of \$100,000 per covered person and aggregate stop-loss coverage of \$2,000,000.

Changes in claim activity for the last two fiscal years are as follows:

	<u>June 30, 2002</u>	<u>June 30, 2001</u>
Claim Liabilities at beginning of fiscal year	\$ 387,987	\$ 210,612
Incurred Claims	<b>1,742,137</b>	1,574,764
Claims Paid	<b>(1,844,950)</b>	(1,397,389)
Claim Liabilities at end of fiscal year	<u>\$ 285,174</u>	<u>\$ 387,987</u>

The District also provides life insurance for all full-time employees based on negotiated agreements, Board policy, and individual contracts.

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 12. Long-Term Debt**

Long-Term Debt:

A summary of changes in long-term obligations for the year ended June 30, 2002, are as follows:

	Balance 6/30/01	Additions	Deletions	Balance 6/30/02
Capital Leases Payable	2,523	0	1,862	661
Intergovernmental Payable	109,661	127,674	109,661	127,674
Compensated Absences	951,846	22,180	0	974,026
Total General Long-Term Obligations	<u>\$1,064,030</u>	<u>\$ 149,854</u>	<u>\$ 111,523</u>	<u>\$1,102,361</u>

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The District's unvoted debt limit at June 30, 2002 is \$252,350. The voted debt limit is \$22,711,542.

**Note 13. Jointly Governed Organizations**

Metropolitan Educational Council – The District is a participant in the Metropolitan Educational Council (MEC), a consortium of school districts and related agencies in the greater central Ohio area. The organization was formed for the purpose of identifying, planning, and providing services that can be more effectively achieved by cooperative endeavors. The governing board of MEC consists of one representative from each participating District in Franklin County, and one representative from each county with participating districts outside of Franklin County. The District paid MEC \$81,077 for services provided during the year.

**Note 14. Contingencies**

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2002.

B. Litigation

The District is a party to legal proceedings. The District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the District.

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 15. School Funding Decision**

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

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

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

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

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

**Note 16. Statutory Reserves**

The District is required by State Statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The requirement for establishment of a budget stabilization reserve set-aside has been deleted from law effective July 1, 2000. However, the Board of Education has decided to leave amounts deposited in the budget stabilization reserve prior to July 1, 2000 where they currently reside and use them to offset future budget deficits.

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

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance 7/1/2001	\$ 37,394	\$ 0	\$ 170,623	\$ 208,017
Required Set-Aside	276,119	276,119	0	552,238
Offset Credits	0	212,376	0	212,376
Qualifying Expenditures	387,326	423,826	0	811,152
Balance 6/30/2002	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 170,623</u>	<u>\$ 170,623</u>

**Logan Elm Local School District  
Pickaway County**

**Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002**

**Note 18. Fund Deficits**

At June 30, 2002, the Title I Fund had a deficit balance of \$(13,874), and the Self-Insurance Fund had a deficit balance of \$(76,071). These deficits resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The District is aware of the deficits and will take the necessary steps to alleviate the deficit. The deficit results from revenue being insufficient to cover expenditures on the modified accrual basis of accounting. The General Fund is liable for any deficit in the fund and provides operating transfers when cash is required, not when accruals occur.

**Note 19. Subsequent Events**

On July 1, 2002, the Ross County School Employees Insurance Consortium changed their third party administrator from Professional Risk Management Company to Klais & Company, Incorporated.

LOGAN ELM LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program (See Note "B")		10.550	\$0	\$36,356	\$0	\$36,356
National School Breakfast Program	05-PU 01/02	10.553	9,432	0	9,432	0
National School Lunch Program	03,04-PU 01/02	10.555	142,122	0	142,122	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>151,554</u>	<u>36,356</u>	<u>151,554</u>	<u>36,356</u>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Employment Services and Job Training Pilot	WK-BE -02	17.249	0	0	11,555	0
Total U.S. Department of Labor			<u>0</u>	<u>0</u>	<u>11,555</u>	<u>0</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Special Education Cluster:</i>						
Special Education Preschool	6B-SF 01/02 P	84.173	8,592	0	8,451	0
Special Education Grants to States	PG-S1 02 P	84.027	169,956	0	163,956	0
Total Special Education Cluster			<u>178,548</u>	<u>0</u>	<u>172,407</u>	<u>0</u>
Eisenhower Professional Development State Grants						
Title II, Part B	MS-S1 00/01/02	84.281	14,581	0	7,437	0
Title VIIR Class Size Reduction	CR-S1-02	84.340	81,857	0	84,074	0
Title I, Part A, ESEA	C1-S1 01/02	84.010	403,812	0	433,886	0
Innovative Educational Program Strategies	C2-S1-02	84.298	14,855	0	11,433	0
Safe and Drug Free Schools	DR-S1 02	84.186	11,110	0	8,757	0
Goals 2000- State and Local Education System						
Improvement Grants	G2-S1-02	84.276	15,000	0	15,377	0
Reading Excellence Act	H2-88-02	84.338	252,552	0	258,665	0
Comprehensive School Reform	RF-S1 02	84.332	247,500	0	232,998	0
Total Department of Education			<u>1,219,815</u>	<u>0</u>	<u>1,225,034</u>	<u>0</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<i>Passed Through Ohio Department of MRDD:</i>						
Medical Assistance Program (CAFS)	(n/a)	93.778	4,112	0	4,112	0
Total U.S. Department of Health and Human Services			<u>4,112</u>	<u>0</u>	<u>4,112</u>	<u>0</u>
Total Federal Awards Receipts and Disbursements			<u>\$1,375,481</u>	<u>\$36,356</u>	<u>\$1,392,255</u>	<u>\$36,356</u>

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

**LOGAN ELM LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**JUNE 30, 2002**

**NOTE TO THE SCHEDULE OF FEDERAL AWARDS AND RECEIPTS AND EXPENDITURES**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B--FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Education  
Logan Elm Local School District  
Pickaway County  
9579 Tarlton Road  
Circleville, Ohio 43113

We have audited the general purpose financial statements of the Logan Elm Local School District, Pickaway County, Ohio (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 3, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 3, 2002.

**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.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**JIM PETRO**  
Auditor of State

December 3, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Board of Education  
Logan Elm Local School District  
Pickaway County  
9579 Tarlton Road  
Circleville, Ohio 43113

**Compliance**

We have audited the compliance of Logan Elm Local School District, Pickaway County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Logan Elm Local School District, Pickaway County, Ohio complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

### Internal Control Over Compliance

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

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

This report is intended for the information and use of the finance committee, management, 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 3, 2002

**LOGAN ELM LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	None
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	None
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	None
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	None
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	None
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	None
<i>(d)(1)(vii)</i>	Major Programs (list):	<b><u>Nutrition Cluster:</u></b> Food Distribution CFDA# 10.550 National School Breakfast CFDA # 10.553 National School Lunch Program CFDA # 10.555
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**LOGAN ELM LOCAL SCHOOL DISTRICT**

**PICKAWAY 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 9, 2003**