



Mary Taylor, CPA  
Auditor of State



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Benjamin Logan Local School District  
Logan County  
4740 County Road 26  
Bellefontaine, Ohio 43311

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benjamin Logan Local School District, Logan County, (the District), as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Benjamin Logan Local School District, Logan County, as of June 30, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the fiscal year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2008, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The schedule of federal awards receipts and expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedule of federal awards receipts and expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 7, 2008

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED**

The management's discussion and analysis of the Benjamin Logan Local School District's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2008, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- The total net cash assets of the District increased \$496,423 or 7.51% from fiscal year 2007. This increase was primarily the result of an increase in tuition revenue from open enrollment, revenue from leasing the District's broadband spectrum, and an early tax abatement payment.
- General cash receipts accounted for \$16,994,149 or 81.94% of total governmental activities cash receipts. Program specific cash receipts accounted for \$3,746,820 or 18.06% of total governmental activities cash receipts.
- The District had \$20,244,546 in cash disbursements related to governmental activities; \$3,746,820 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$16,994,149 were adequate to provide for these programs.
- The District's major funds are the General Fund and the Bond Retirement Fund. The General Fund, the District's largest major fund, had cash receipts of \$15,398,335 in 2008. The cash disbursements and other financing uses of the General Fund, totaled \$14,845,583 in 2008. The General Fund's cash balance increased \$552,753 from 2007 to 2008.
- The Bond Retirement Fund, a District major fund, had cash receipts of \$1,928,327 in 2008. The bond retirement fund had cash disbursements of \$1,732,035 in 2008. The Bond Retirement Fund cash balance increased \$196,292 from 2007 to 2008.

**Using this Cash Basis Basic Financial Statements (BFS)**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The Statement of Net Assets – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of the District, there are two major governmental funds. The General Fund is the largest major fund.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answers the question, “How did we do financially during 2008?” These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year’s receipts and disbursements if the cash is actually received or paid.

These two statements report the District’s net assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the District as a whole, the cash basis financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District’s property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the Governmental Activities include District’s programs and services including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis can be found on pages 13 and 14 of this report.

**Reporting the District’s Most Significant Funds**

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’s most significant funds. The District’s major governmental funds are the General Fund and Bond Retirement Fund. The analysis of the District’s major governmental funds begins on page 8.



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 15 and 16 of this report.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General Fund are presented to demonstrate the District's compliance with annually adopted budgets. The budgetary statement can be found on page 17 of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary funds are agency funds. Only the cash held at year end for these funds is reported on page 18.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-36 of this report.

**Government-Wide Financial Analysis**

Recall that the Statement of Net Assets – Cash Basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net cash assets for 2008 and 2007.

	<b>Change in Net Cash Assets</b>	
	<b>Governmental Activities 2008</b>	<b>Governmental Activities 2007</b>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$7,105,943	\$6,609,520
Total Assets	<u>7,105,943</u>	<u>6,609,520</u>
<b>Net Assets</b>		
Restricted	1,471,274	1,942,712
Unrestricted	5,634,669	4,666,808
Total Net Assets	<u>\$7,105,943</u>	<u>\$6,609,520</u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

The total net cash assets of the District increased \$496,423, which represents a 7.51% increase over fiscal year 2007.

The balance of government-wide unrestricted net cash assets of \$5,634,669 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net cash assets for fiscal year 2008 and 2007.

	<b>Governmental Activities 2008</b>	<b>Governmental Activities 2007</b>
<b>Change in Net Cash Assets</b>		
<b>Cash Receipts:</b>		
<b>Program Cash Receipts:</b>		
Charges for Services and Sales	\$ 2,137,545	\$ 1,976,183
Operating Grants and Contributions	1,601,339	1,692,679
Capital Grants and Contributions	7,936	
Total Program Cash Receipts	3,746,820	3,668,862
<b>General Cash Receipts:</b>		
Property and Other Taxes	8,705,035	8,993,444
Unrestricted Grants	7,554,076	6,857,640
Investment Earnings	377,086	391,639
Other	357,952	112,032
Total General Cash Receipts	16,994,149	16,354,755
Total Cash Receipts	20,740,969	20,023,617
<b>Cash Disbursements:</b>		
<b>Instruction:</b>		
Regular	6,936,161	6,681,707
Special	1,561,915	1,579,802
Vocational	581,141	548,361
Other	1,053,184	997,527
<b>Support Services:</b>		
Pupil	704,584	712,749
Instructional Staff	738,931	769,684
Board of Education	41,335	62,608
Administration	1,710,057	1,623,720
Fiscal	496,668	451,475
Operations and Maintenance of Plant	1,538,493	1,484,417
Pupil Transportation	1,432,995	1,256,709
Central	248,666	223,308
Operation of Non-instructional Services	11,323	10,000
Food Service Operations	738,239	725,166
Extracurricular	533,058	494,526
Capital Outlay	226,073	273,528
<b>Debt Service:</b>		
Principal Retirement	1,590,000	1,619,232
Interest and Fiscal Charges	101,723	209,160
Total Cash Disbursements	\$20,244,546	\$19,723,679

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

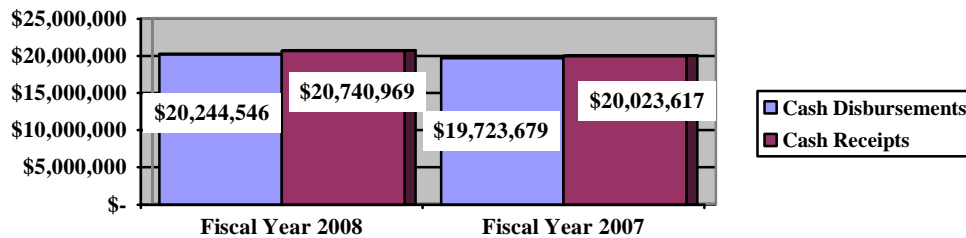
**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

**Governmental Activities**

Governmental cash assets increased by \$496,423 in 2008 from 2007. Total governmental expenses of \$20,244,546 were offset by program revenues of \$3,746,820 and general revenues of \$16,994,149. Program revenues supported 18.51% of the total governmental expenses.

The primary sources of general revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 78.39% of total governmental revenue. Real estate property is reappraised every six years.

**Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements**



**Governmental Activities**

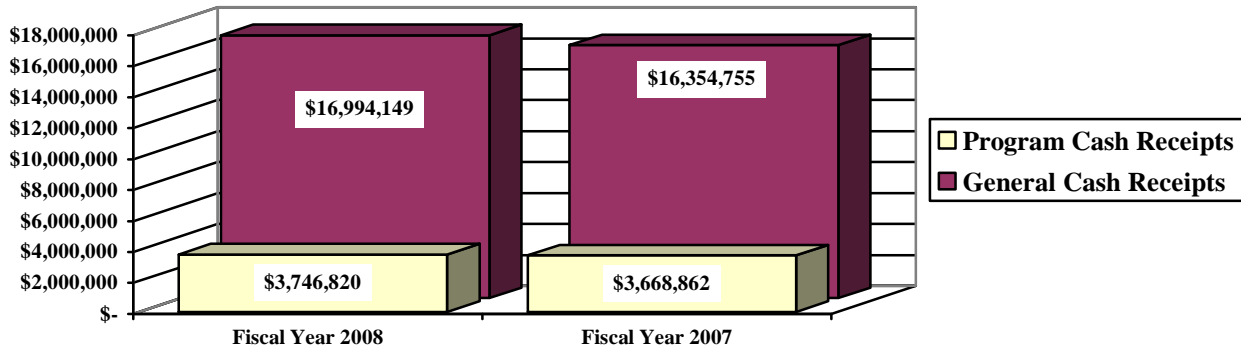
	<b>Total Cost of Services 2008</b>	<b>Net Cost of Services 2008</b>	<b>Total Cost of Services 2007</b>	<b>Net Cost of Services 2007</b>
<b>Cash Disbursements:</b>				
<b>Instruction:</b>				
Regular	\$ 6,936,161	\$ 5,338,626	\$ 6,681,707	\$ 5,130,866
Special	1,561,915	895,367	1,579,802	897,998
Vocational	581,141	508,584	548,361	453,152
Other	1,053,184	1,053,184	997,527	997,527
<b>Support Services:</b>				
Pupil	704,584	529,722	712,749	523,185
Instructional Staff	738,931	632,961	769,684	638,862
Board of Education	41,335	41,335	62,608	56,470
Administration	1,710,057	1,526,902	1,623,720	1,474,279
Fiscal	496,668	488,489	451,475	446,554
Operations and Maintenance of Plant	1,538,493	1,537,068	1,484,417	1,483,444
Pupil Transportation	1,432,995	1,387,341	1,256,709	1,241,990
Central	248,666	232,905	223,308	207,665
Operation of Non-instructional Services	11,323	(517)	10,000	9,335
Food Service Operations	738,239	7,203	725,166	20,731
Extracurricular	533,058	400,760	494,526	370,839
Capital Outlay	226,073	226,073	273,528	273,528
<b>Debt Service:</b>				
Principal Retirement	1,590,000	1,590,000	1,619,232	1,619,232
Interest and Fiscal Charges	101,723	101,723	209,160	209,160
<b>Total</b>	<b>\$20,244,546</b>	<b>\$16,497,726</b>	<b>\$19,723,679</b>	<b>\$16,054,817</b>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

The dependence upon general cash receipts for governmental activities is apparent; with 81.49% of cash disbursements supported through taxes and other general cash receipts during 2008.

**Governmental Activities - General and Program Cash Receipts**



**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund cash balance of \$7,105,943, which is \$496,423 above last year's total of \$6,609,520. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2008 and June 30, 2007, for all major and nonmajor governmental funds.

	<b>Fund Cash Balance June 30, 2008</b>	<b>Fund Cash Balance June 30, 2007</b>	<b>Increase (Decrease)</b>
<b>Major Funds:</b>			
General	\$5,295,083	\$4,742,330	\$552,753
Bond Retirement	1,191,448	995,156	196,292
Other Non-major Governmental Funds	619,412	872,034	(252,622)
<b>Total</b>	<b>\$7,105,943</b>	<b>\$6,609,520</b>	<b>\$496,423</b>

**General Fund**

The General Fund, the District's largest major fund, had cash receipts of \$15,398,335 in 2008. The cash disbursements and other financing uses of the General Fund, totaled \$14,845,582 in 2008. The General Fund's cash balance increased \$552,753 from 2007 to 2008.

The table that follows assists in illustrating the cash receipts of the General Fund.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
<b>Cash Receipts:</b>			
Taxes	\$5,993,402	\$6,192,129	(3.21) %
Tuition	1,181,990	1,009,263	17.11 %
Transportation Fees	15,481	21,154	(26.82) %
Earnings on Investments	377,086	383,807	(1.75) %
Other Local Revenues	410,268	158,088	159.52 %
Intergovernmental - State	7,420,108	6,868,416	8.03 %
<b>Total</b>	<u><u>\$15,398,335</u></u>	<u><u>\$14,632,857</u></u>	5.23 %

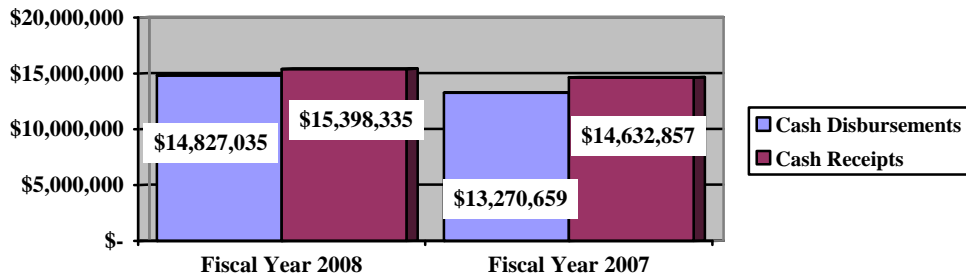
The District had more students from other school districts apply for open enrollment, which resulted in an increase in Tuition revenue. The District also signed a deal to lease its broadband spectrum to Sprint-Nextel which shows as an increase in local revenue. The District also received the fiscal year 2009 abatement payment from Midwest Express early, increasing Other Local revenue in 2008.

The table that follows assists in illustrating the expenditures, excluding other financing uses, of the General fund.

	<u>2008 Amount</u>	<u>2007 Amount</u>	<u>Percentage Change</u>
<b>Cash Disbursements:</b>			
Instruction	\$8,281,008	\$6,957,441	19.02 %
Support Services	5,932,546	5,566,393	6.58 %
Extracurricular	387,408	361,143	7.27 %
Capital Outlay	226,073	273,528	(17.35) %
Debt Service		112,154	(100.00) %
<b>Total</b>	<u><u>\$14,827,035</u></u>	<u><u>\$13,270,659</u></u>	11.73 %

Debt service expenditures large decrease was due to the District paying off the energy conservation loan with General Fund money during 2007. Capital Outlay expenditures decreased as a result of fewer capital projects during the year. Instruction expenditures increased as a result of salaries being paid from the General Fund in 2008 which had been allocated to the Emergency Levy Fund in 2007. Overall, cash disbursements increased \$1,556,376 from 2007.

**General Fund - Total Cash Receipts vs. Total Cash Disbursements**



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

***Bond Retirement Fund***

The Bond Retirement Fund, a District major fund, had cash receipts of \$1,928,327 in 2008. The Bond Retirement Fund had cash disbursements of \$1,732,035 in 2008. The Bond Retirement Fund cash balance increased \$196,292 from 2007 to 2008.

***Budgeting Highlights - General Fund***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, final budget basis receipts did not change from the original budget estimates of \$14,281,250. Actual cash receipts of \$15,398,335 were more than final budget estimates by \$1,117,085. The final budgetary basis disbursements and other financing uses of \$15,739,275 were \$650 below original budget estimates. The actual budgetary basis disbursements and other financing uses of \$14,985,419 were \$753,856 less than the final budget estimates.

**Capital Assets and Debt Administration**

***Capital Assets***

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had capital outlay disbursements of \$226,073 during fiscal year 2008.

***Debt Administration***

The District had the following long-term obligations outstanding at June 30, 2008 and 2007:

	<b>Governmental Activities 2008</b>	<b>Governmental Activities 2007</b>
2005 Refinancing Bond Issue	\$2,520,000	\$3,990,000
2005 Capital Appreciation Bonds	327,170	327,170
1997 Elementary and Middle School Bonds		120,000
1997 Capital Appreciation Bonds	54,113	54,113
	<hr/>	<hr/>
Total Long-Term Obligations	<u>\$2,901,283</u>	<u>\$4,491,283</u>

**Current Financial Related Activities**

The challenge for all school districts is to provide a quality education with limited revenue growth. This is even more challenging for a rural district such as Benjamin Logan Local Schools. With mainly one industry, whose Tangible Personal Property tax is being replaced with the HB 66 approved CAT tax that flows through the state, the District must rely on local taxes and state support even further for future revenue growth. The five-year forecast is predicting a deficit for fiscal year 2011.

The District has been an effective school district over the last four years, which is among the top 15% of schools statewide. This academic success has been achieved by staff and administration dedication to improvement, an increase in professional development, and community support.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED  
(Continued)**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Robert Kuehnle, Treasurer, Benjamin Logan Local School District, 4740 County Road 26, Bellefontaine, Ohio 43311-9532.

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2008**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$7,105,943
Total Assets	<u>7,105,943</u>
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Debt Service	1,191,448
Federally Funded Programs	23,061
State Funded Programs	3,142
Locally Funded Programs	1,419
District Managed Student Activities	40,387
School Support	78,485
Other Purposes	133,332
Unrestricted	5,634,669
Total Net Assets	<u>\$7,105,943</u>

*See accompanying notes to the basic financial statements.*

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Program Cash Receipts			Net(Expense) Revenue and Changes in Net Assets	
	Cash Disbursements	Charges for Services	Operating Grants, Contributions, and Interest		Capital Grants and Contributions
<b>Governmental Activities:</b>					
<b>Instruction:</b>					
Regular	\$6,936,161	\$1,197,681	\$399,854	(\$5,338,626)	
Special	1,561,915	78,597	587,951	(895,367)	
Vocational	581,141		72,557	(508,584)	
Other	1,053,184			(1,053,184)	
<b>Support Services:</b>					
Pupils	704,584	142,197	32,665	(529,722)	
Instructional Staff	738,931		105,970	(632,961)	
Board of Education	41,335			(41,335)	
Administration	1,710,057		183,155	(1,526,902)	
Fiscal	496,668		8,179	(488,489)	
Operation and Maintenance of Plant	1,538,493	1,425		(1,537,068)	
Pupil Transportation	1,432,995		37,718	(1,387,341)	
Central	248,666		15,761	(232,905)	
Operation of Non-Instructional Services	11,323	8,180	3,660	517	
Food Service Operations	738,239	579,196	151,840	(7,203)	
Extracurricular Activities	533,058	130,269	2,029	(400,760)	
Capital Outlay	226,073			(226,073)	
<b>Debt Service:</b>					
Principal Retirement	1,590,000			(1,590,000)	
Interest and Fiscal Charges	101,723			(101,723)	
<b>Totals</b>	<u>\$20,244,546</u>	<u>\$2,137,545</u>	<u>\$1,601,339</u>	<u>\$7,936</u>	<u>(16,497,726)</u>
<b>General Revenues:</b>					
<b>Property Taxes Levied for:</b>					
General Purposes				5,993,402	
Debt Service				1,425,504	
Emergency Levy				1,286,129	
Grants and Entitlements not Restricted to Specific Programs				7,554,076	
Investment Earnings				377,086	
Miscellaneous				357,952	
<b>Total General Revenues</b>				<u>16,994,149</u>	
Change in Net Assets				496,423	
Net Assets Beginning of Year				<u>6,609,520</u>	
Net Assets End of Year				<u>\$7,105,943</u>	

See accompanying notes to the basic financial statements.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2008**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$5,295,083	\$1,191,448	\$619,412	\$7,105,943
Total Assets	<u>5,295,083</u>	<u>1,191,448</u>	<u>619,412</u>	<u>7,105,943</u>
<b>Fund Balances</b>				
Reserve for Encumbrances	139,836		23,159	162,995
Reserve for Debt Service		1,191,448		1,191,448
<b>Unreserved, Undesignated, Reported in:</b>				
General Fund	5,155,247			5,155,247
Special Revenue Funds			596,253	596,253
Total Fund Balances	<u>\$5,295,083</u>	<u>\$1,191,448</u>	<u>\$619,412</u>	<u>\$7,105,943</u>

*See accompanying notes to the basic financial statements.*

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$5,993,402	\$1,425,504	\$1,286,129	\$8,705,035
Tuition	1,181,990			1,181,990
Transportation Fees	15,481			15,481
Earnings on Investments	377,086		7,421	384,507
Charges for Services			579,196	579,196
Extracurricular Activities			272,466	272,466
Classroom Materials and Fees	78,467		340	78,807
Other Local Revenues	331,801		67,119	398,920
Intergovernmental - State	7,420,108	502,823	490,791	8,413,722
Intergovernmental - Federal			710,845	710,845
Total Cash Receipts	<u>15,398,335</u>	<u>1,928,327</u>	<u>3,414,307</u>	<u>20,740,969</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	5,407,877		1,528,284	6,936,161
Special	1,246,806		315,109	1,561,915
Vocational	573,141		8,000	581,141
Other	1,053,184			1,053,184
<b>Support Services:</b>				
Pupils	525,684		178,900	704,584
Instructional Staff	630,659		108,272	738,931
Board of Education	41,335			41,335
Administration	1,260,288		449,769	1,710,057
Fiscal	420,014	40,312	36,342	496,668
Operation and Maintenance of Plant	1,538,493			1,538,493
Pupil Transportation	1,296,329		136,666	1,432,995
Central	219,744		28,922	248,666
Operation of Non-Instructional Services			11,323	11,323
Food Service Operations			738,239	738,239
Extracurricular Activities	387,408		145,650	533,058
Capital Outlay	226,073			226,073
<b>Debt Service:</b>				
Principal Retirement		1,590,000		1,590,000
Interest and Fiscal Charges		101,723		101,723
Total Cash Disbursements	<u>14,827,035</u>	<u>1,732,035</u>	<u>3,685,476</u>	<u>20,244,546</u>
Revenues Over (Under) Expenditures	<u>571,300</u>	<u>196,292</u>	<u>(271,169)</u>	<u>496,423</u>
<b>Other Financing Sources/(Uses):</b>				
Advances In			5,386	5,386
Advances Out	(5,386)			(5,386)
Transfers In			13,161	13,161
Transfers Out	(13,161)			(13,161)
Total Other Financing Sources and Uses	<u>(18,547)</u>		<u>18,547</u>	
Net Change in Fund Balances	552,753	196,292	(252,622)	496,423
Fund Balances at Beginning of Year	<u>4,742,330</u>	<u>995,156</u>	<u>872,034</u>	<u>6,609,520</u>
Fund Balances at End of Year	<u>\$5,295,083</u>	<u>\$1,191,448</u>	<u>\$619,412</u>	<u>\$7,105,943</u>

See accompanying notes to the basic financial statements.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGE IN FUND BALANCE  
BUDGET AND ACTUAL - BUDGET BASIS - GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property and Other Local Taxes	\$5,730,000	\$5,730,000	\$5,993,402	\$263,402
Tuition	1,015,000	1,015,000	1,181,990	166,990
Transportation Fees	20,500	20,500	15,481	(5,019)
Earnings on Investments	375,000	375,000	377,086	2,086
Classroom Materials and Fees	78,000	78,000	78,467	467
Other Local Revenues	201,250	201,250	331,801	130,551
Intergovernmental - State	6,861,000	6,861,000	7,420,108	559,108
Total Cash Receipts	<u>14,280,750</u>	<u>14,280,750</u>	<u>15,398,335</u>	<u>1,117,585</u>
<b>Disbursements:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	5,550,662	5,550,433	5,445,297	105,136
Special	1,380,362	1,380,305	1,250,560	129,745
Vocational	588,605	588,581	577,242	11,339
Other	1,109,796	1,109,750	1,053,184	56,566
<b>Support Services:</b>				
Pupils	553,097	553,074	525,864	27,210
Instructional Staff	688,968	688,940	632,397	56,543
Board of Education	95,858	95,854	45,947	49,907
Administration	1,271,346	1,271,293	1,261,238	10,055
Fiscal	460,588	460,569	429,311	31,258
Operation and Maintenance of Plant	1,719,790	1,719,719	1,548,342	171,377
Pupil Transportation	1,334,815	1,334,760	1,318,346	16,414
Central	279,609	279,597	222,464	57,133
Extracurricular Activities	416,793	416,776	387,408	29,368
Capital Outlay	289,636	289,624	269,272	20,352
Total Cash Disbursements	<u>15,739,925</u>	<u>15,739,275</u>	<u>14,966,872</u>	<u>772,403</u>
Receipts Over (Under) Disbursements	<u>(1,459,175)</u>	<u>(1,458,525)</u>	<u>431,463</u>	<u>1,889,988</u>
<b>Other Financing Sources/(Uses):</b>				
Proceeds from Sale of Capital Assets	500	500		(500)
Advances Out			(5,386)	(5,386)
Transfers Out			(13,161)	(13,161)
Total Other Financing Sources and Uses	<u>500</u>	<u>500</u>	<u>(18,547)</u>	<u>(19,047)</u>
Change in Fund Balances	(1,458,675)	(1,458,025)	412,916	1,870,941
Fund Balance at Beginning of Year	4,587,961	4,587,961	4,587,961	
Prior Year Encumbrances Appropriated	<u>154,370</u>	<u>154,370</u>	<u>154,370</u>	
Fund Balance at End of Year	<u>\$3,283,656</u>	<u>\$3,284,306</u>	<u>\$5,155,247</u>	<u>\$1,870,941</u>

*See accompanying notes to the basic financial statements.*

BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2008

	<u>Agency Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$73,365</u>
<b>Liabilities</b>	
Net Assets Held for Student Activities	<u>\$73,365</u>

*See accompanying notes to the basic financial statements.*

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

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

The District was established in 1969 through the consolidation of existing land areas and school districts. The District serves an area of approximately 225 square miles, 201 square miles in Logan County, 18 square miles in Hardin County, and six square miles in Union County. It is located in Logan County, and includes the Villages of Belle Center, Rushsylvania, Valley Hi, Middleburg, West Mansfield, Zanesfield, and East Liberty. The District is staffed by 101 non-certificated employees, 138 certificated full-time teaching personnel who provide services to 1,925 students and other community members. The District currently operates three instructional buildings and a garage building.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed in Note 2.B, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food services, 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 organizations' government 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**1. Jointly Governed Organizations**

**Western Ohio Computer Organization (WOCO)**

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

**Ohio Hi-Point Joint Vocational School**

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

**Educational Regional Service System Region 6**

The School District participates in the Educational Regional Service System (ERSS) Region 6, a jointly governed organization consisting of educational entities within Allen, Auglaize, Champaign, Hardin, Logan, Mercer and Shelby counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from Krista Hart, Treasurer, at the Hardin County Educational Service Center, 1211 West Lima Street, Kenton, Ohio 43326-2385.



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**Logan County Education Foundation**

The Logan County Education Foundation was established to secure and distribute contributions from individuals, corporations, and foundations for the benefit of students within the county. The Foundation promotes, sponsors, and encourages the pursuit of excellence in education for students. The Foundation is managed by a Board of Trustees composed of six trustees from each school district. These trustees are nominated by their local school boards including Bellefontaine City School District, Benjamin Logan Local School District, Indian Lake Local School District, and Riverside Local School District. The Executive Board is comprised of the Logan County Educational Service Center Superintendent representing the three local school districts and the Bellefontaine City School District Superintendent representing the city school district. Financial information can be obtained by contacting the Eric Adelsberger, who serves as Financial Advisor, 2626 County Road 18, Bellefontaine, Ohio 43311.

**2. Insurance Purchasing Pools**

**Ohio School Boards Association Workers' Compensation Group Rating Program**

The District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Program (the Program) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The Program's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designees, serves as coordinator of the Program. Each year, the participants pay an enrollment fee to the Program to cover the costs of administering the program.

**Logan County School Benefit Plan Association**

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

**3. Related Organization**

**Belle Center Free Public Library**

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**B. Basis of Accounting**

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the District chooses to prepare its financial statements and notes on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statements are due to current year encumbrances being added to disbursements reported on the budgetary statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**C. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

**1. Governmental Funds**

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the District's major governmental funds:

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

**Bond Retirement Fund** - The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) for grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

**2. Fiduciary Funds**

Fiduciary fund reporting focuses on net cash assets and changes in net cash assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for cash assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District does not have any trust or private purpose trust funds. Agency funds are custodial in nature and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**D. Basis of Presentation**

**1. Government-wide Financial Statements**

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

**2. Fund Financial Statements**

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all non-major funds are aggregated into one column. Fiduciary funds are reported by fund type.

**E. Budgets**

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, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate.

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below the legal level within all funds, are made by the District Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all 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 basic financial statements.

During fiscal year 2008, investments were limited to certificates of deposit and investments in the State Treasurer 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, 2008.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the General Fund during fiscal year 2008 amounted to \$377,086, which includes \$98,965 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**G. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District did not have any net assets restricted by enabling legislation at year-end.

**H. Capital Assets**

Acquisition of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements under the cash basis of accounting. Depreciation has not been reported for any capital assets.

**I. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**J. Employer Contributions to Cost-Sharing Pension Plans**

The Districts recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 9 and 10, employer contributions include portions for pension benefits and postretirement health care benefits.

**K. Long-Term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

**L. Interfund Activity**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund loans are reported as advances-in and advances-out. Advances are not reflected as assets and liabilities in the accompanying financial statements. Inter-fund transfers and advances are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements. Inter-fund activity between governmental funds are eliminated on the Statement of Assets – Cash Basis and the Statement of Activities – Cash Basis

**M. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

**N. Equity Classifications**

**1. Government-wide Statements**

Equity is classified as net assets, and displayed in separate components:

**a. Restricted net assets** – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the school district. Net assets restricted for other purposes include resources restricted for food service operations, school supplies, and for student scholarships. As of June 30, 2008, the District had no net assets restricted by enabling legislation.

**b. Unrestricted net assets** – All other net assets that do not meet the definition of “restricted.” For the District this consists of the balance in the General Fund(\$5,295,083) and the Emergency Levy Fund(\$339,586)

**2. Fund Financial Statements**

Governmental fund equity is classified as fund balance.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Designated fund balances are reported for money segregated by the District. Unreserved and undesignated fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances and debt service.

**O. Receipts and Disbursements**

**Program Receipts**

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the District's taxpayers are reported as program receipts. The District has the following program receipts: charges for services; operating grants, contributions, and interest; and capital grants and contributions. All other governmental revenues are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

**3. CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2008, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions".

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees' years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding the plan. The implementation of GASB 45 did not impact the financial statements.

**4. DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five 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 moneys are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

Protection of 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 monies deposited with the institution.

Interim monies to 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. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**A. Deposits with Financial Institutions**

At June 30, 2008 the carrying amount of all District deposits was \$6,857,879. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$6,583,888 of the District's bank balance of \$6,984,194 was exposed to custodial risk as discussed below, while \$400,306 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments.

**B. Investments**

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Investment Maturities</u>	
	<u>Balance at Fair Value</u>	<u>6 Months or Less</u>
STAR Ohio	\$321,429	\$321,429

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

**Credit Risk:** The District's investment in STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk:** The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$321,429	100.00

**C. Reconciliation of Cash to the Statement of Net Assets**

The following is a reconciliation of cash as reported in the footnote above to cash as reported on the statement of net assets as of June 30, 2008:

Cash per footnote		Cash per Statement of Net Assets	
Carrying amount of deposits	\$6,857,879	Governmental activities	\$7,105,943
Investments	321,429	Agency funds	73,365
Total	<u>\$7,179,308</u>	Total	<u>\$7,179,308</u>



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**5. INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund financial statements:

<u>Transfers from General Fund to:</u>	<u>Amount</u>
Non-major governmental funds	<u>\$13,161</u>

Transfers are used to move cash receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them and to use unrestricted cash receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.

**6. PROPERTY TAXES**

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 (used in business) located in the District. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2008, on the value as of December 31, 2007. For 2007, tangible personal property is assessed at 12.5% for property including inventory. This percentage will be reduced to 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**6. PROPERTY TAXES (Continued)**

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2007-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Logan, Hardin, and Union Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date tax bills are sent.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	<b>2007 Second Half Collections</b>		<b>2008 First Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$233,297,150	76.62	\$260,579,140	84.29
Public Utility Personal	11,027,660	3.62	9,106,500	2.95
Tangible Personal Property	60,161,055	19.76	39,457,500	12.76
<b>Total</b>	<b>\$304,485,865</b>	<b>100.00</b>	<b>\$309,143,140</b>	<b>100.00</b>
 Tax Rate Per \$1,000 of Assessed Valuation	 \$39.30		 \$38.70	

**7. LONG-TERM OBLIGATIONS**

A. During the fiscal year 2008, the following changes occurred in the District's long-term obligations:

	<b>Balance Outstanding June 30, 2007</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance Outstanding June 30, 2008</b>	<b>Amounts Due in One Year</b>
<b>Governmental Activities:</b>					
<b>2005 Refinancing Bond Issue:</b>					
Current Interest Bonds	\$3,990,000		(\$1,470,000)	\$2,520,000	\$1,240,000
Capital Appreciation Bonds	327,170			327,170	
<b>1997 Elementary and Middle School:</b>					
Current Interest Bonds	120,000		(120,000)		
Capital Appreciation Bonds	54,113			54,113	
<b>Total governmental activities</b>	<b>\$4,491,283</b>	<b>\$0</b>	<b>(\$1,590,000)</b>	<b>\$2,901,283</b>	<b>\$1,240,000</b>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**B. 2005 Refinancing Bond Issue**

On February 22, 2005, the District issued \$6,027,170 in general obligation bonds to refinance prior bond issues. The bonds were issued for a ten year period with a final maturity of December 1, 2014. The bonds will be retired from the Bond Retirement Debt Service Fund. The bond issue consists of \$5,700,000 Current Interest Serial Bonds at an interest rate of 3.0% to 3.375%, and \$327,170 Capital Appreciation Bonds with interest rates at approximately 8.90% (or the rate, that, when applied to the original principal amount, compounded semiannually results in maturity amount) for an approximate yield to maturity of 3.31% to 3.87%. The proceeds from the refunding bond issue were used to retire \$3,950,000 of the 1994 bond issue, \$1,110,000 of the 1993 bond issue, and \$975,000 of the 1997 bond issue. The capital appreciation bond will mature in fiscal years 2011 and 2015. The maturity amount of the capital appreciation bonds is \$515,000.

**C. 1997 Elementary and Middle School Improvement General Obligation Bonds**

On December 1, 1997, the District issued \$1,499,113 in voted general obligation bonds for new elementary and middle schools. The bonds were issued for an eighteen-year period with final maturity at December 1, 2015. The bonds will be retired from the Bond Retirement Debt Service Fund. The bond issue consists of \$745,000 Current Interest Serial Bonds at interest rates ranging from 4.10% to 4.75%, \$54,113 Capital Appreciation Bonds with interest rates at approximately 14.50% (or the rate, that, when applied to the original principal amount, compounded semiannually results in maturity amount) for an approximate yield to maturity of 5.00% to 5.10%, and \$700,000 Current Interest Term Bonds with an interest rate of 5.00% and yield rate of 5.10%. The Capital Appreciation Bonds will mature in fiscal years 2010 and 2011. The maturity amount of the Capital Appreciation Bonds is \$355,000.

The proceeds from the 2005 Refinancing Bond Issue were used to pay off \$275,000 in Serial Bonds and the entire \$700,000 Current Interest Term Bonds.

Principal and interest requirements to retire general obligation debt at June 30, 2008, are as follows:

<b>Year Ended</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$1,240,000	\$ 58,312	\$1,298,312
2010	840,000	27,112	867,112
2011	223,587	280,924	504,511
2012	47,071	177,141	224,212
2013	210,000	10,500	220,500
2014-2015	340,625	62,919	403,544
Total	<u>\$2,901,283</u>	<u>\$616,908</u>	<u>\$3,518,191</u>

The District's total voted legal debt margin was \$26,113,948 with an unvoted debt margin of \$309,143 at June 30, 2008.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**8. RISK MANAGEMENT**

**A. Property and Liability**

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

The District's comprehensive commercial insurance coverage for real property and building contents has a liability limit of \$39,427,427, and a 100 percent coinsurance.

The District's fleet insurance has a liability limit of \$1,000,000, and \$5,000 for medical payments. The policy includes a \$500 deductible for comprehensive and collision coverage.

The District also has a \$5,000,000 Excess Liability policy (Umbrella) over all the underlying liability for a total limit of \$6,000,000.

The District's health, dental, vision and life insurance is provided through Anthem Blue Cross Blue Shield, the insurance provider for the Logan County Schools Benefit Plan Association.

**B. Workers' Compensation**

For fiscal year 2008, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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. 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."

**9. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

**Plan Description** - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations, 10.58 percent was the portion for fiscal year 2007. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$234,135, \$254,721 and \$284,134 respectively; 51 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**B. State Teachers Retirement System**

**Plan Description** - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy** - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

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

For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,024,297, \$994,019, and \$1,087,510 respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement Systems/State Teachers Retirement System. As of June 30, 2007, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

**10. POST-EMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**Plan Description** – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

**Funding Policy** – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2008, 4.18 percent of covered payroll was allocated to health care, 3.42 percent was allocated for fiscal year 2007. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$34,943.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$99,662, \$79,183, and \$69,410 respectively; 51 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**10. POST-EMPLOYMENT BENEFITS (Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$15,736, \$15,741, and \$13,395 respectively; 51 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**B. State Teachers Retirement System**

**Plan Description** – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy** – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$78,792, \$76,463, and \$83,655 respectively; 83 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**11. CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, state and local 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**12. STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund cash receipt amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	<b>Textbooks</b>	<b>Capital Acquisition</b>	<b>Budget Stabilization</b>
Set-aside cash balance as of June 30, 2007	(\$1,022,996)		\$75,522
Current year set-aside requirement	307,478	\$307,478	
Qualifying disbursements	(254,306)	(660,487)	(75,522)
Total	<u>( 969,824)</u>	<u>(353,009)</u>	<u>\$ 0</u>
Cash balance carried forward to FY 2009	<u>(\$ 969,824)</u>	<u>\$ -</u>	<u>\$ -</u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**12. STATUTORY RESERVES (Continued)**

The District had qualifying disbursements during the year that reduced the textbooks and capital acquisition set-aside amounts to below zero. The District may, and has chosen to carry forward the excess amount for the textbooks set-aside to offset set-aside requirements of future years. The budget stabilization reserve represents Bureau of Worker's Compensation refunds that are being maintained to off set future budget deficits. During the year, the District spent the budget stabilization reserve to purchase textbooks.

**13. SUBSEQUENT EVENTS**

The District is defendant in a Worker's Compensation appeal lawsuit filed with the Logan County Common Pleas Court on September 8, 2008. Although management cannot presently determine the outcome of this suit, they believe the resolution of this matter will not materially adversely affect the District's financial condition.



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Food Donation	2008	10.550		\$38,625		\$38,625
National School Lunch Program	2008	10.555	\$141,044		\$141,044	
Total U. S. Department of Agriculture			141,044	38,625	141,044	38,625
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Foreign Language Assistance	2008	84.293	1,424		6,810	
Safe and Drug-Free Schools and Communities State Grants	2007	84.186			1,476	
	2008		4,265		3,782	
Total Safe and Drug-Free Schools and Communities Sate Grants			4,265		5,258	
Special Education Grants to States	2007	84.027	13,487		37,847	
	2008		356,884		338,395	
Total Special Education Grants to States			370,371		376,242	
Title 1 Grants to Local Educational Agencies	2007	84.010	1,469		9,608	
	2008		108,167		104,566	
Total Title 1 Grants to Local Educational Agencies			109,636		114,174	
State Grants for Innovative Programs	2008	84.298	4,323		4,323	
Education Technology State Grants	2008	84.318	1,295		1,295	
Improving Teacher Quality State Grants	2007	84.367	5,574		9,518	
	2008		72,912		72,176	
Total Improving Teacher Quality State Grants			78,486		81,694	
Total U. S. Department of Education			569,800		589,796	
Total Federal Financial Assistance			\$710,844	\$38,625	\$730,840	\$38,625

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**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 – NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C - FOOD DONATION**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance is reported in the Schedule at the entitlement value of the commodities received and consumed.

At June 30, 2008, the District had no significant food commodities in inventory.

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The expenditure of non-Federal matching funds is not included on the Schedule.



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Benjamin Logan Local School District  
Logan County  
4740 County Road 26  
Bellefontaine, Ohio 43311

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Benjamin Logan Local School District, Logan County, (the District), as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2008, wherein, we noted the District uses a comprehensive basis of accounting other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-001.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the management, Board of Education and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

December 7, 2008



# Mary Taylor, CPA

## Auditor of State

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

Benjamin Logan Local School District  
Logan County  
4740 County Road 26  
Bellefontaine, Ohio 43311

To the Board of Education:

#### Compliance

We have audited the compliance of Benjamin Logan Local School District, Logan County, (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the fiscal year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Benjamin Logan Local School District, Logan County, complied, in all material respects, with the requirements referred to above that apply to its major federal program for the fiscal year ended June 30, 2008.

#### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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**Internal Control Over Compliance  
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

December 7, 2008

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #84.027: Special Education Grants to States
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

**FINDING NUMBER 2008-001**

**Noncompliance Citation**

**Ohio Rev. Code Section 117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

**Ohio Adm. Code Section 117-2-03(B)** requires the District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). For fiscal year 2008, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

To help provide the users with more meaningful financial statements, the District should prepare their financial statements according to generally accepted accounting principles.

**OFFICIALS' RESPONSE:**

The Board of Education has elected not to prepare its annual financial reports in accordance with the generally accepted accounting principles (GAAP) due to the projected cost saving of \$10,000, in accordance with past practices.

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

None.



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Ohio Rev. Code Section 117.38 & Ohio Admin. Code Section 117-2-03(B) – Failed to prepare financial statements in accordance with GAAP	No	Repeated as Finding Number 2008-001





**Mary Taylor, CPA**  
Auditor of State

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT**  
**LOGAN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**DECEMBER 31, 2008**