



Dave Yost • Auditor of State

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

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 Logan Elm Local School District, Pickaway County, Ohio (the District), as of and for the year ended June 30, 2012, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Logan Elm Local School District, Pickaway County, Ohio, as of June 30, 2012, and the respective changes in financial position, and where applicable cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2013, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and the required budgetary comparison schedule as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

February 15, 2013

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The management's discussion and analysis of the Logan Elm Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- In total, net assets of governmental activities decreased \$806,836 which represents a 6.55% decrease from 2011.
- General revenues accounted for \$16,333,507 in revenue or 80.55% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,942,738 or 19.45% of total revenues of \$20,276,245.
- The District had \$21,083,081 in expenses related to governmental activities; only \$3,942,738 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$16,333,507 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and capital projects fund. The general fund had \$17,473,074 in revenues and other financing sources and \$17,691,037 in expenditures. During fiscal year 2012, the general fund's fund balance decreased \$217,963 from a balance of \$5,950,902 to \$5,732,939.
- The District's other major governmental fund is the capital projects fund. The capital projects fund had \$583,420 in expenditures during fiscal year 2012. The capital projects fund's fund balance decreased from a balance of \$2,403,532 to \$1,820,112.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those 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 nonmajor funds presented in total in one column. In the case of the District, the general fund and capital projects fund are by far the most significant funds, and the only governmental funds reported as major funds.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District perform financially during 2012?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *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, required educational programs and other factors.

On the statement of net assets and in the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major and other governmental 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 capital projects fund.

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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term 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 financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported on the statement of net assets and in the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Proprietary Funds

The District maintained a proprietary fund during fiscal year 2012. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for dental self-insurance. As of July 1, 2011, the District was no longer self-insured for employee dental benefits. The basic proprietary fund financial statements can be found on pages 20-21 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 22 and 23. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 24-52 of this report.

The District as a Whole

The table below provides a summary of the District's net assets for 2012 and 2011.

	Net Assets	
	Governmental Activities 2012	Governmental Activities 2011
	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current and other assets	\$ 17,973,943	\$ 16,901,251
Capital assets	<u>3,903,167</u>	<u>4,005,267</u>
Total assets	<u>21,877,110</u>	<u>20,906,518</u>
<u>Liabilities</u>		
Current liabilities	9,120,208	7,329,314
Long-term liabilities	<u>1,241,819</u>	<u>1,255,285</u>
Total liabilities	<u>10,362,027</u>	<u>8,584,599</u>
<u>Net assets</u>		
Invested in capital assets	3,903,167	4,005,267
Restricted	591,604	773,284
Unrestricted	<u>7,020,312</u>	<u>7,543,368</u>
Total net assets	<u>\$ 11,515,083</u>	<u>\$ 12,321,919</u>

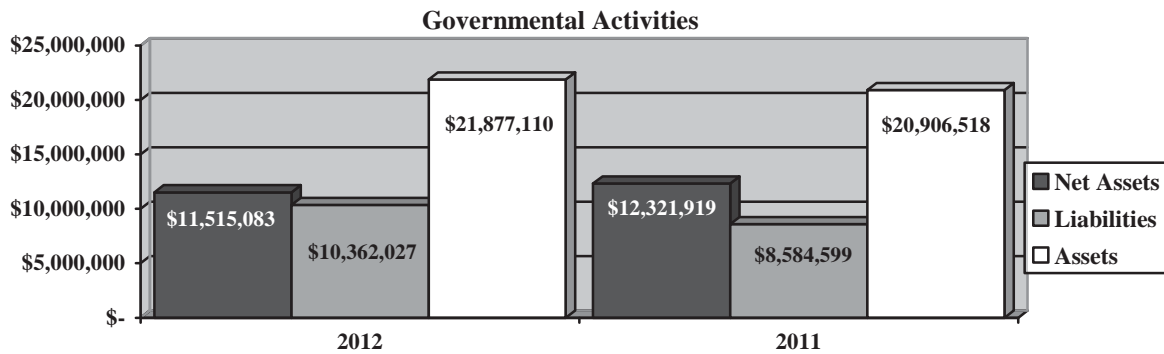
**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$11,515,083. Of this total, \$7,020,312 is unrestricted in use.

At year-end, capital assets represented 17.84% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets at June 30, 2012, were \$3,903,167. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net assets at June 30, 2012, \$591,604, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is \$7,020,312.



The table below shows the change in net assets for fiscal year 2012 and 2011.

	Change in Net Assets	
	Governmental Activities 2012	Governmental Activities 2011
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,536,909	\$ 1,520,829
Operating grants and contributions	2,405,829	3,557,585
General revenues:		
Property taxes	5,535,271	7,231,099
Income taxes	2,398,518	2,392,754
Grants and entitlements	8,374,033	8,710,556
Investment earnings	14,974	25,090
Other	10,711	19,877
Total revenues	<u>\$ 20,276,245</u>	<u>\$ 23,457,790</u>

(continued)

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

	Change in Net Assets	
	(Continued)	
	Governmental Activities 2012	Governmental Activities 2011
	<u>2012</u>	<u>2011</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 9,257,064	\$ 10,110,471
Special	2,122,619	2,344,940
Vocational	16,628	15,264
Other	154,759	319,293
Support services:		
Pupil	885,460	766,830
Instructional staff	700,094	1,184,599
Board of education	80,677	95,084
Administration	1,388,317	1,437,010
Fiscal	514,388	525,709
Business	-	4,101
Operations and maintenance	2,291,226	1,959,373
Pupil transportation	1,730,736	1,857,523
Central	403,792	338,546
Food service operations	935,275	881,876
Extracurricular activities	<u>602,046</u>	<u>562,804</u>
 Total expenses	 <u>21,083,081</u>	 <u>22,403,423</u>
Change in net assets	(806,836)	1,054,367
Net assets at beginning of year	<u>12,321,919</u>	<u>11,267,552</u>
Net assets at end of year	<u>\$ 11,515,083</u>	<u>\$ 12,321,919</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$806,836. Total governmental expenses of \$21,083,081 were offset by program revenues of \$3,942,738 and general revenues of \$16,333,507. Program revenues supported 18.70% of the total governmental expenses.

Operating grants and contributions program revenues decreased 32.37%, primarily due to the reduction in federal funding from IDEA Part-B special education and State fiscal stabilization grants, the revenues of which decreased \$364,509 and \$597,294, respectively, during fiscal year 2012; in the governmental activities, these grants were recognized as revenue in the year in which the District was granted funding, while on the fund financial statements the District did not recognize revenue until grant proceeds were received or available for spending.

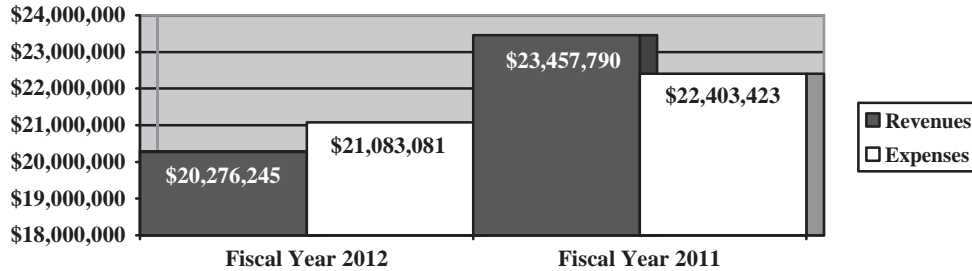
The primary sources of revenue for governmental activities are derived from property and income taxes, and unrestricted grants and entitlements. These revenue sources represent 80.43% of total governmental revenue. The largest expense of the District is for instructional programs. Instruction expenses totaled \$11,551,070 or 54.79% of total governmental expenses for fiscal year 2012.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2012 and 2011.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Program expenses				
Instruction:				
Regular	\$ 9,257,064	\$ 7,987,496	\$ 10,110,471	\$ 8,112,209
Special	2,122,619	979,603	2,344,940	1,055,503
Vocational	16,628	10,514	15,264	9,150
Other	154,759	34,606	319,293	111,673
Support services:				
Pupil	885,460	831,163	766,830	710,414
Instructional staff	700,094	607,522	1,184,599	889,960
Board of education	80,677	80,677	95,084	95,084
Administration	1,388,317	1,387,404	1,437,010	1,431,896
Fiscal	514,388	514,388	525,709	525,709
Business	-	-	4,101	4,101
Operations and maintenance	2,291,226	2,291,226	1,959,373	1,959,373
Pupil transportation	1,730,736	1,693,329	1,857,523	1,844,016
Central	403,792	388,282	338,546	315,768
Food service operations	935,275	3,324	881,876	(35,968)
Extracurricular activities	602,046	330,809	562,804	296,121
Total expenses	<u>\$ 21,083,081</u>	<u>\$ 17,140,343</u>	<u>\$ 22,403,423</u>	<u>\$ 17,325,009</u>

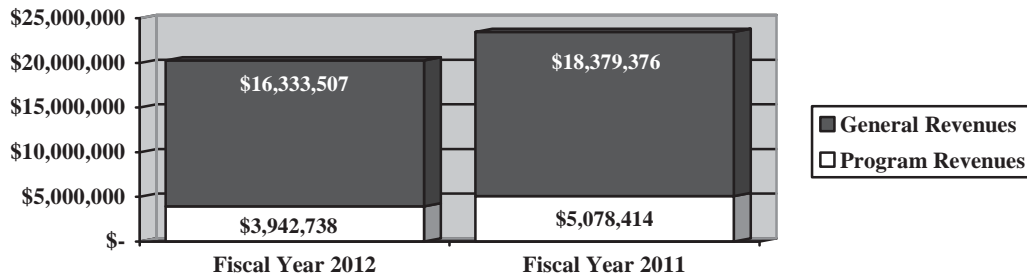
The dependence upon tax and other general revenues for governmental activities is apparent; 78.02% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.30%. The District's taxpayers and unrestricted grants and entitlements, as a whole, are by far the primary support for District's students.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The graph below presents the District's governmental activities revenue for fiscal years 2012 and 2011.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds, as presented on page 15, reported a combined fund balance of \$8,130,279, which is lower than last year's total of \$8,605,670. The schedule below indicates the fund balance at June 30, 2012 and June 30, 2011 and the net change in fund balance during fiscal year 2012.

	Fund Balance June 30, 2012	Fund Balance June 30, 2011	Increase (Decrease)
General	\$ 5,732,939	\$ 5,950,902	\$ (217,963)
Capital projects	1,820,112	2,403,532	(583,420)
Other governmental	577,228	251,236	325,992
Total	\$ 8,130,279	\$ 8,605,670	\$ (475,391)

General Fund

The District's general fund balance decreased \$217,963 during fiscal year 2012.

Tax revenues in the general fund decreased \$1,861,666, or 19.63%, due to significantly lower advances available at June 30, 2012 and a slight reduction in income tax revenue during the year. In the general fund, advances available from the Pickaway and Hocking County Auditors totaled \$604,263 and \$1,630,512 at June 30, 2012 and June 30, 2011, respectively. This amount can fluctuate based on the timing of tax collections and the date at which tax bills are sent. Tuition revenue increased during the year due to increased collections for open enrollment through the State foundation. Earnings on investments decreased \$9,316 from the prior year due to lower interest rates during 2012 and the timing of maturity of the District's investments. Other revenues recognized during 2012 were 8.60% lower during fiscal year 2012, while intergovernmental revenues from the State foundation remained consistent with the prior year.

Instruction, support services, and extracurricular expenditures of the general fund decreased 7.81%, 6.90%, and 5.36%, respectively, from the prior year due to lower expenditures for salaries and benefits earned by employees during the year. The District employed 11 administrators, 82 non-certified employees, and 140 certified employees at June 30, 2012, compared to 14 administrators, 114 non-certified employees, and 150 certified employees as of June 30, 2011.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

The following table summarizes changes in general fund financial activity during 2012 and 2011.

	2012 <u>Amount</u>	2011 <u>Amount</u>	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 7,619,734	\$ 9,481,400	\$ (1,861,666)	(19.63) %
Tuition	744,457	711,691	32,766	4.60 %
Earnings on investments	12,674	21,990	(9,316)	(42.36) %
Intergovernmental	8,884,107	9,210,353	(326,246)	(3.54) %
Other revenues	<u>159,052</u>	<u>174,019</u>	<u>(14,967)</u>	(8.60) %
Total	<u>\$ 17,420,024</u>	<u>\$ 19,599,453</u>	<u>\$ (2,179,429)</u>	(11.12) %
<u>Expenditures</u>				
Instruction	\$ 10,240,265	\$ 11,108,086	(867,821)	(7.81) %
Support services	7,161,816	7,692,911	(531,095)	(6.90) %
Extracurricular activities	<u>288,956</u>	<u>305,320</u>	<u>(16,364)</u>	(5.36) %
Total	<u>\$ 17,691,037</u>	<u>\$ 19,106,317</u>	<u>\$ (1,415,280)</u>	(7.41) %

Capital Projects Fund

The District's capital projects fund balance decreased \$583,420 during fiscal year 2012 to a balance of \$1,820,112. During fiscal year 2011, the District transferred \$2,500,000 to fund repairs, maintenance and improvements within the District. During fiscal year 2012, the capital projects funds received no other revenues and utilized only funds resulting from the prior year transfer from the general fund.

General Fund Budgeting Highlights

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

For the general fund, final budgeted revenues and other financing sources were \$17,900,000, which matched exactly to the District's original budget. Actual revenues and other financing sources were \$18,740,612, which represented an increase of \$840,612 over than the District's budgeted resources.

General fund original appropriations and other financing uses of \$18,018,771 matched exactly to the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$17,847,554, and were \$171,217 less than the final budget's appropriated expenditures and other financing uses.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the District had \$3,903,167 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in the governmental activities.

The following table shows fiscal year 2012 balances compared to 2011 balances as detailed in Note 9:

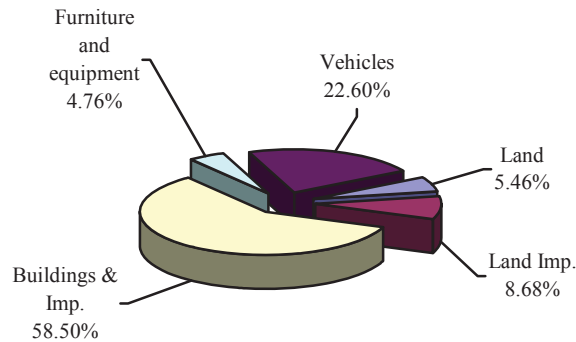
**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2012	2011
Land	\$ 213,048	\$ 213,048
Land improvements	338,738	378,486
Building and improvements	2,283,643	2,343,842
Furniture and equipment	185,683	233,507
Vehicles	<u>882,055</u>	<u>836,384</u>
Total	<u>\$ 3,903,167</u>	<u>\$ 4,005,267</u>

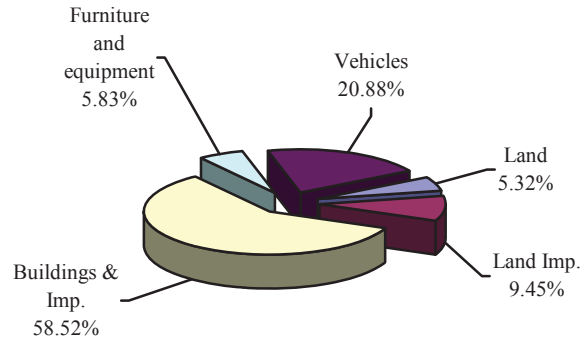
The overall decrease in capital assets of \$102,100 is due to depreciation expense of \$311,126 and disposals with a net book value of \$3,500 exceeding current year additions of \$212,526.

The graphs below present the District's capital assets for fiscal years 2012 and 2011.

**Capital Assets - Governmental Activities
2012**



**Capital Assets - Governmental Activities
2011**



See Note 9 to the basic financial statements for further detail regarding the District's capital assets.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Debt Administration

At June 30, 2012, the District had no debt obligations outstanding.

Current Financial Related Activities

The District ended fiscal year 2012 with an unencumbered budgetary-basis balance of \$5,182,631 in the general fund. This balance represents resources on which the District may draw to meet its obligations and provide services to students and the community.

One major factor influencing the District's financial condition as a whole is the reduction in intergovernmental funding through stimulus programs such as the State fiscal stabilization program and other funding programs administered by the federal government. As federal funding diminishes, the District must increasingly on general revenues such as its property tax base, levied school district income taxes, and entitlements received through the State foundation program; these revenue sources are essential in supporting the District's ongoing operations. The District is committed to serving its students and maintaining standards of excellence while conducting operations in a fiscally sound and responsible manner.

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. Nicholas Roberts, Treasurer, Logan Elm Local School District, 9579 Tarlton Road, Circleville, Ohio 43113-9448.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 8,984,133
Investments.	104,300
Receivables:	
Property taxes	7,718,693
Income taxes.	840,505
Accounts.	11,724
Intergovernmental	273,217
Accrued interest	6,323
Materials and supplies inventory	35,048
Capital assets:	
Land.	213,048
Depreciable capital assets, net.	3,690,119
Capital assets, net	3,903,167
Total assets.	21,877,110
Liabilities:	
Accounts payable.	164,915
Accrued wages and benefits	1,742,541
Pension obligation payable	391,129
Intergovernmental payable	88,102
Unearned revenue	6,733,521
Long-term liabilities:	
Due within one year.	53,561
Due in more than one year.	1,188,258
Total liabilities	10,362,027
Net Assets:	
Invested in capital assets	3,903,167
Restricted for:	
Capital projects	32,866
Permanent fund:	
Expendable.	9,522
Nonexpendable.	104,300
Locally funded programs	308,905
State funded programs.	9,680
Student activities	116,420
Other purposes	9,911
Unrestricted	7,020,312
Total net assets	\$ 11,515,083

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 9,257,064	\$ 810,910	\$ 458,658	\$ (7,987,496)
Special	2,122,619	22,451	1,120,565	(979,603)
Vocational	16,628	-	6,114	(10,514)
Other	154,759	-	120,153	(34,606)
Support services:				
Pupil	885,460	12,282	42,015	(831,163)
Instructional staff	700,094	7,431	85,141	(607,522)
Board of education	80,677	-	-	(80,677)
Administration	1,388,317	-	913	(1,387,404)
Fiscal	514,388	-	-	(514,388)
Operations and maintenance	2,291,226	-	-	(2,291,226)
Pupil transportation	1,730,736	3,007	34,400	(1,693,329)
Central	403,792	4,710	10,800	(388,282)
Food service operations	935,275	415,784	516,167	(3,324)
Extracurricular activities	602,046	260,334	10,903	(330,809)
Total governmental activities	<u>\$ 21,083,081</u>	<u>\$ 1,536,909</u>	<u>\$ 2,405,829</u>	<u>(17,140,343)</u>
General Revenues:				
Property taxes levied for:				
General purposes				5,399,594
Capital projects				135,677
Income taxes				2,398,518
Grants and entitlements not restricted to specific programs				8,374,033
Investment earnings				14,974
Miscellaneous				10,711
Total general revenues				<u>16,333,507</u>
Change in net assets				(806,836)
Net assets at beginning of year				<u>12,321,919</u>
Net assets at end of year				<u>\$ 11,515,083</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 6,520,349	\$ 1,820,112	\$ 643,672	\$ 8,984,133
Investments	-	-	104,300	104,300
Receivables:				
Property taxes	7,509,148	-	209,545	7,718,693
Income taxes	840,505	-	-	840,505
Accounts	6,615	-	5,109	11,724
Intergovernmental	147,865	-	125,352	273,217
Accrued interest	6,323	-	-	6,323
Interfund loans	50,000	-	-	50,000
Materials and supplies inventory	-	-	35,048	35,048
Total assets	<u>\$ 15,080,805</u>	<u>\$ 1,820,112</u>	<u>\$ 1,123,026</u>	<u>\$ 18,023,943</u>
Liabilities:				
Accounts payable	\$ 131,627	\$ -	\$ 33,288	\$ 164,915
Accrued wages and benefits	1,566,890	-	175,651	1,742,541
Compensated absences payable	9,454	-	-	9,454
Interfund loans payable	-	-	50,000	50,000
Pension obligation payable	341,467	-	49,662	391,129
Intergovernmental payable	81,733	-	6,369	88,102
Deferred revenue	668,729	-	45,273	714,002
Unearned revenue	6,547,966	-	185,555	6,733,521
Total liabilities	<u>9,347,866</u>	<u>-</u>	<u>545,798</u>	<u>9,893,664</u>
Fund Balances:				
Nonspendable:				
Materials and supplies inventory	-	-	35,048	35,048
Permanent fund - library purposes	-	-	104,300	104,300
Restricted:				
Capital improvements	-	-	23,321	23,321
Food service operations	-	-	2,932	2,932
Extracurricular	-	-	116,420	116,420
Permanent fund	-	-	9,522	9,522
Other purposes	-	-	313,712	313,712
Committed:				
Capital improvements	-	1,820,112	-	1,820,112
Assigned:				
Student instruction	25,491	-	-	25,491
Student and staff support	31,883	-	-	31,883
Unassigned (deficit)	5,675,565	-	(28,027)	5,647,538
Total fund balances	<u>5,732,939</u>	<u>1,820,112</u>	<u>577,228</u>	<u>8,130,279</u>
Total liabilities and fund balances	<u>\$ 15,080,805</u>	<u>\$ 1,820,112</u>	<u>\$ 1,123,026</u>	<u>\$ 18,023,943</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012

Total governmental fund balances		\$ 8,130,279
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,903,167
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds		
Property taxes receivable	\$ 366,464	
Income taxes receivable	158,545	
Accrued interest receivable	5,400	
Intergovernmental receivable	183,593	
Total	714,002	714,002
Long-term liabilities, such as compensated absences, are not due and payable in the current period and are therefore not reported in the funds.		(1,232,365)
Net assets of governmental activities		\$ 11,515,083

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 5,379,761	\$ -	\$ 135,996	\$ 5,515,757
Income taxes	2,239,973	-	-	2,239,973
Tuition	744,457	-	-	744,457
Transportation fees	3,007	-	-	3,007
Earnings on investments	12,674	-	1,234	13,908
Charges for services	-	-	415,784	415,784
Extracurricular	98,203	-	228,327	326,530
Classroom materials and fees	47,131	-	-	47,131
Contributions and donations	3,065	-	8,272	11,337
Other local revenues	7,646	-	307,272	314,918
Intergovernmental - State	8,847,593	-	139,209	8,986,802
Intergovernmental - federal	36,514	-	1,849,180	1,885,694
Total revenues	<u>17,420,024</u>	<u>-</u>	<u>3,085,274</u>	<u>20,505,298</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,709,684	-	520,929	9,230,613
Special	1,503,756	-	606,026	2,109,782
Vocational	13,674	-	-	13,674
Other	13,151	-	141,028	154,179
Support services:				
Pupil	846,535	-	35,462	881,997
Instructional staff	599,707	-	96,525	696,232
Board of education	80,677	-	-	80,677
Administration	1,362,298	-	1,128	1,363,426
Fiscal	517,810	-	4,042	521,852
Operations and maintenance	1,723,003	-	156,125	1,879,128
Pupil transportation	1,577,643	202,057	4,950	1,784,650
Central	454,143	-	10,800	464,943
Food service operations	-	-	924,365	924,365
Extracurricular activities	288,956	-	257,902	546,858
Facilities acquisition and construction	-	381,363	-	381,363
Total expenditures	<u>17,691,037</u>	<u>583,420</u>	<u>2,759,282</u>	<u>21,033,739</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(271,013)</u>	<u>(583,420)</u>	<u>325,992</u>	<u>(528,441)</u>
Other financing sources:				
Transfers in	53,050	-	-	53,050
Net change in fund balances	(217,963)	(583,420)	325,992	(475,391)
Fund balances at beginning of year	<u>5,950,902</u>	<u>2,403,532</u>	<u>251,236</u>	<u>8,605,670</u>
Fund balances at end of year	<u>\$ 5,732,939</u>	<u>\$ 1,820,112</u>	<u>\$ 577,228</u>	<u>\$ 8,130,279</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Net change in fund balances - total governmental funds \$ (475,391)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital asset additions	\$	212,526	
Current year depreciation		<u>(311,126)</u>	
Total			(98,600)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. (3,500)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds

Property taxes		19,514	
Income taxes		158,545	
Intergovernmental revenue		(409,412)	
Earnings on investments		2,300	
Miscellaneous revenues		<u>55,972</u>	
Total			(173,081)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (2,524)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. (53,740)

Change in net assets of governmental activities \$ (806,836)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 6,116,352	\$ 6,116,352	\$ 6,406,013	\$ 289,661
Income taxes	2,295,363	2,295,363	2,404,068	108,705
Tuition	710,795	710,795	744,457	33,662
Transportation fees	5,384	5,384	5,639	255
Earnings on investments	15,963	15,963	16,719	756
Extracurricular	37,655	37,655	39,438	1,783
Classroom materials and fees	45,000	45,000	47,131	2,131
Contributions and donations	2,769	2,769	2,900	131
Other local revenues	10,154	10,154	10,635	481
Intergovernmental - State	8,447,531	8,447,531	8,847,593	400,062
Intergovernmental - federal	34,863	34,863	36,514	1,651
Total revenues	<u>17,721,829</u>	<u>17,721,829</u>	<u>18,561,107</u>	<u>839,278</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,853,143	8,853,143	8,768,312	84,831
Special	1,535,319	1,535,319	1,520,608	14,711
Vocational	13,752	13,752	13,620	132
Other	29,228	29,228	28,948	280
Support services:				
Pupil	859,739	859,739	851,501	8,238
Instructional staff	658,384	658,384	652,075	6,309
Board of education	72,029	72,029	71,339	690
Administration	1,394,132	1,394,132	1,380,774	13,358
Fiscal	516,321	516,321	511,374	4,947
Operations and maintenance	1,744,920	1,744,920	1,728,200	16,720
Pupil transportation	1,581,613	1,581,613	1,566,458	15,155
Central	316,462	316,462	313,430	3,032
Extracurricular activities	293,729	293,729	290,915	2,814
Total expenditures	<u>17,868,771</u>	<u>17,868,771</u>	<u>17,697,554</u>	<u>171,217</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(146,942)</u>	<u>(146,942)</u>	<u>863,553</u>	<u>1,010,495</u>
Other financing sources (uses):				
Refund of prior year expenditures	28,171	28,171	29,505	1,334
Advances in	150,000	150,000	150,000	-
Advances (out)	(150,000)	(150,000)	(150,000)	-
Total other financing sources (uses)	<u>28,171</u>	<u>28,171</u>	<u>29,505</u>	<u>1,334</u>
Net change in fund balance	(118,771)	(118,771)	893,058	1,011,829
Fund balance at beginning of year	4,259,083	4,259,083	4,259,083	-
Prior year encumbrances appropriated	30,490	30,490	30,490	-
Fund balance at end of year	<u>\$ 4,170,802</u>	<u>\$ 4,170,802</u>	<u>\$ 5,182,631</u>	<u>\$ 1,011,829</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Governmental Activities - Internal Service Fund
Operating expenses:	
Claims	\$ 690
Total operating expenses	<u>690</u>
Operating loss before transfers	<u>(690)</u>
Transfer out	<u>(53,050)</u>
Change in net assets	(53,740)
Net assets at beginning of year	<u>53,740</u>
Net assets at end of year	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities:	
Cash payments for claims.	\$ (18,848)
Net cash used in operating activities.	<u>(18,848)</u>
Cash flows from noncapital financing activities:	
Cash used in transfers out	<u>(53,050)</u>
Net cash used in noncapital financing activities.	<u>(53,050)</u>
Net decrease in cash and cash equivalents	(71,898)
Cash and cash equivalents at beginning of year . . .	<u>71,898</u>
Cash and cash equivalents at end of year	<u><u>\$ -</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (690)
Changes in assets and liabilities: (Decrease) in claims payable	<u>(18,158)</u>
Net cash used in operating activities	<u><u>\$ (18,848)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 51,355	\$ 53,402
Cash and investments in segregated accounts . .	-	3,300,702
Total assets.	51,355	\$ 3,354,104
Liabilities:		
Due to other governments	-	\$ 2,379,702
Due to students.	-	53,402
Claims payable	-	921,000
Total liabilities	-	\$ 3,354,104
Net assets:		
Held in trust for scholarships.	51,355	
Total net assets	\$ 51,355	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 659
Gifts and contributions.	6,510
Total additions	7,169
 Deductions:	
Scholarships awarded	9,017
 Change in net assets.	(1,848)
 Net assets at beginning of year	53,203
Net assets at end of year.	\$ 51,355

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Logan Elm Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the District.

The District employs 11 administrators, 82 non-certified and 140 certified employees to provide services to approximately 2,173 students and community groups. The District provides regular and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services. The District co-operates with the Pickaway County Educational Service Center, a separate entity, for curricular services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 and component units. 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 service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. 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).

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Education Council (MEC)

MEC is a not-for-profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The Governing Board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the Governing Board. MEC is its own fiscal agent. The District paid \$848 for the District's membership in MEC during fiscal year 2012.

South Central Ohio Computer Association (SCOCA)

The District is a participant in SCOCA which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Jackson, Vinton, Pickaway, Gallia, Ross, and Lawrence counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Governing Board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The District paid SCOCA \$116,979 for computer services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Central Ohio Special Education Regional Resource Center (COSERRC)

COSERRC is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in central Ohio which comprise sixty percent of the Board, two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a County Board of Development Disabilities, representatives of universities and students and persons with disabilities representations. COSERRC assists the District in complying with mandates of Public Law 99-456 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Council.

PUBLIC ENTITY RISK POOL

Pickaway County Public Employer Benefits Program (PCPEBP)

During fiscal year 2010, the District joined together with Circleville City School District, Teays Valley Local School District, and Westfall Local School District to form the PCPEBP, an insurance consortium. The PCPEBP is a public entity shared risk pool organized to provide health care benefits to its member organizations. The Board of Directors exercises control over the operation of the PCPEBP. Each member school district is represented on the Board of Directors by their superintendent or superintendent's designee.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District serves as fiscal agent for the PCPEBP. Financial assets and liabilities for fiscal year 2012 are reported in the basic financial statements as an agency fund. To obtain additional financial information, write Nicholas Roberts, Treasurer, Logan Elm Local School District, 9579 Tarlton Road, Circleville, Ohio 43113-9448.

INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

The District participates in a workers' compensation group rating plan (GRP) conducted by a fourteen member committee consisting of various representatives that are elected by the general assembly. Each year the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 12.E. for further information on the GRP.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the District's major governmental funds:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported 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.

Capital projects fund - The capital projects fund is used to accumulate money for one or more capital projects.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition of construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The internal service fund accounted for the District's self-insurance program which provides dental benefits to employees. During fiscal year 2012, the District moved its dental insurance activity to the PCPEBP and was no longer self-insured.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for 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's only trust fund is a private purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities and the PCPEBP.

C. Basis of Presentation and Measurement Focus

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. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the full accrual economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

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 nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund is charges for sales and services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private purpose trust fund is reported using the economic resources measurement focus. The agency fund does not report a measurement focus as it does not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting on the fund financial statements. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2012 are recorded as deferred revenue in the governmental funds.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred revenue.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2012 is as follows.

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

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. By no later than January 20, the Board-adopted budget is filed with the Pickaway County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the final budgeted amount in the budgetary statement reflect the amounts set forth in the final amended certificate issued for fiscal year 2012.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all other funds, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year).

Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed appropriations totals.

5. Any revisions that alter the appropriations at the fund level of expenditures must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education throughout the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. The final budget figures, which appear in the statements of budgetary comparisons, represent the permanent appropriation amounts plus all supplemental appropriations legally enacted during the year.
8. Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.
9. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Cash and Investments

To improve cash management, cash received by the District is pooled, except for certificates of deposit in the Hitler Fund to benefit the library, the scholarship private purpose fund, the PCPEBP fund, and the governmental securities specific to the general fund. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2012, investments consisted of federal agency securities, a U.S. Government money market fund, U.S. Treasury notes and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2012. 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 shares price, which is the price at which the District's investment could be sold on June 30, 2012.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenues credited to the general fund during fiscal year 2012 amounted to \$12,674, which includes \$4,816 assigned from other District funds.

For presentation on the 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.

An analysis of the District's investments at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of donated food and purchased food.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District has a capitalization threshold of \$1,500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	7 - 134 years
Furniture and equipment	5 - 20 years
Vehicles	10-15 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental type activities columns of the statement of net assets.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2012, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

M. Budget Stabilization Arrangement

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2012, the balance in the budget stabilization reserve was \$170,623. This amount is included in unassigned fund balance of the general fund and in unrestricted net assets on the statement of net assets.

N. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

O. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets are reported net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Public school preschool	\$ 11,834
Title VI-B	8,680
Title I	4,721
Preschool grant for the handicapped	344
Improving teacher quality	2,448

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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.

A. Cash and Investments in Segregated Accounts

The cash and investments in segregated accounts relates to the PCPEBP. The balance is covered by federal depository insurance, by collateral held by the PCPEBP, or by collateral held by a qualified third-party trustee in the name of the PCPEBP. The amount held in segregated accounts at June 30, 2012 was \$3,300,702.

B. Deposits with Financial Institutions

At June 30, 2012, the carrying amount of all District deposits was \$2,838,113. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, \$2,766,606 of the District's bank balance of \$3,165,021 was exposed to custodial risk as discussed below, while \$398,415 was covered by the FDIC.

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 deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2012, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FHLB	\$ 201,895	\$ -	\$ 201,895	\$ -	\$ -	\$ -
FHLMC	729,023	325,753	-	250,745	152,525	-
FNMA	242,215	-	-	-	142,339	99,876
FNMA discount note	456,895	456,895	-	-	-	-
FHLB discount note	249,971	249,971	-	-	-	-
U.S. Treasury notes	1,178,819	825,475	151,242	-	202,102	-
STAR Ohio	3,277,263	3,277,263	-	-	-	-
U.S. Government money market	18,996	18,996	-	-	-	-
Total	<u>\$ 6,355,077</u>	<u>\$ 5,154,353</u>	<u>\$ 353,137</u>	<u>\$ 250,745</u>	<u>\$ 496,966</u>	<u>\$ 99,876</u>

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: STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in U.S. Government money market funds were not rated. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury bills are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. 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 to the Treasurer or qualified trustee.

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2012:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 201,895	3.18
FHLMC	729,023	11.47
FNMA	242,215	3.81
FNMA discount note	456,895	7.19
FHLB discount note	249,971	3.93
U.S. Treasury notes	1,178,819	18.55
STAR Ohio	3,277,263	51.57
U.S. Government money market	<u>18,996</u>	<u>0.30</u>
Total	<u>\$ 6,355,077</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2012:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,838,113
Investments	6,355,077
Cash and investments in segregated accounts	<u>3,300,702</u>
Total	<u>\$ 12,493,892</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 9,088,433
Private-purpose trust fund	51,355
Agency funds	<u>3,354,104</u>
Total	<u>\$ 12,493,892</u>

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2012 as reported on the fund statements, consist of the following individual interfund loan receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 50,000</u>

The primary purpose of the interfund balance is to cover costs in the permanent improvement nonmajor capital projects fund where revenues were not received by June 30. The interfund balance will be repaid once the anticipated revenues are received. The interfund balance is expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2012 are reported on the statement of net assets.

- B.** Interfund transfers for the year ended June 30, 2012, consisted of the following, as reported on the fund financial statements:

<u>Transfers to general fund from:</u>	
Internal service fund	<u>\$ 53,050</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or (1) budget requires to expend them and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The \$53,050 transfer from the internal service fund to the general fund was a residual equity transfer. Effective July 1, 2011, the District joined the PCPEBP and was no longer self-insured for dental coverage.

Interfund transfers between governmental funds are eliminated for reporting purposes in the statement of activities. The transfer was made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 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 property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Pickaway and Hocking Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$604,263 in the general fund and \$14,445 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$1,630,515 in the general fund and \$41,306 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been deferred.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 273,613,140	94.13	\$ 282,832,490	94.26
Public utility personal	16,678,380	5.74	17,232,190	5.74
Tangible personal property	<u>383,900</u>	<u>0.13</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 290,675,420</u>	<u>100.00</u>	<u>\$ 300,064,680</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$40.10		\$40.05	

NOTE 7 - INCOME TAX

On November 2, 2010, District voters approved a replacement of the 1 percent income tax with a 1 percent income tax on earned income for five years. The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. Employers of residents are required to withhold income tax on compensation and remit the tax to the state. Taxpayers are required to file an annual return. The state makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue credited to the general fund totaled \$2,239,973 in fiscal year 2012.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2012 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Property taxes	\$ 7,718,693
Income taxes	840,505
Accounts	11,724
Intergovernmental	273,217
Accrued interest	<u>6,323</u>
Total	<u>\$ 8,850,462</u>

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected within one year.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance <u>06/30/11</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>06/30/12</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 213,048	\$ -	\$ -	\$ 213,048
Total capital assets, not being depreciated	<u>213,048</u>	<u>-</u>	<u>-</u>	<u>213,048</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,312,088	3,316	-	1,315,404
Buildings and improvements	5,010,386	5,358	-	5,015,744
Furniture and equipment	2,423,880	1,795	(10,098)	2,415,577
Vehicles	2,448,320	202,057	(5,000)	2,645,377
Total capital assets, being depreciated	<u>11,194,674</u>	<u>212,526</u>	<u>(15,098)</u>	<u>11,392,102</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(933,602)	(43,064)	-	(976,666)
Buildings and improvements	(2,666,544)	(65,557)	-	(2,732,101)
Furniture and equipment	(2,190,373)	(49,619)	10,098	(2,229,894)
Vehicles	(1,611,936)	(152,886)	1,500	(1,763,322)
Total accumulated depreciation	<u>(7,402,455)</u>	<u>(311,126)</u>	<u>11,598</u>	<u>(7,701,983)</u>
Governmental activities capital assets, net	<u>\$ 4,005,267</u>	<u>\$ (98,600)</u>	<u>\$ (3,500)</u>	<u>\$ 3,903,167</u>

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 48,971
Special	11,792
Vocational	2,954
<u>Support services:</u>	
Pupil	437
Instructional staff	415
Administration	3,952
Fiscal	458
Operations and maintenance	14,828
Pupil transportation	158,565
Central	8,773
Extracurricular activities	53,914
Food service operations	<u>6,067</u>
Total depreciation expense	<u>\$ 311,126</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. The District's long-term obligations during the year consist of the following:

	Balance <u>6/30/11</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>06/30/12</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
Compensated absences	<u>\$ 1,255,285</u>	<u>\$ 114,564</u>	<u>\$ (128,030)</u>	<u>\$ 1,241,819</u>	<u>\$ 53,561</u>

Compensated absences will be paid from the fund which the employee's salaries are paid.

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of \$27,005,821 and an unvoted debt margin of \$300,065.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 11 - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Administrators and classified staff earn ten to thirty days of vacation per year, depending upon length of service and position. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

NOTE 12 - RISK MANAGEMENT

A. General Risk

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2012, the District contracted with Ohio Casualty Insurance Company for liability, property, fleet, crime, and inland marine coverage. The District also purchases faithful performance bonds from Travelers Casualty and Surety Company of America. Coverage provided at June 30, 2012 is as follows:

Building and Contents (\$1,000 deductible)	\$42,093,720
Inland Marine (\$500 deductible)	100,000
Automobile Liability (\$500 deductible)	4,000,000
Crime (\$250 deductible)	
Employee Theft	50,000
Forgery or Alteration	50,000
Inside the Premises - Theft of Money and Securities	25,000
Outside the Premises - Theft of Money and Securities	25,000
General Liability	
Aggregate	3,000,000
Per Occurrence	1,000,000
Employer's Liability - Stop Gap Coverage Endorsement (\$5,000 deductible)	
Aggregate	3,000,000
Each Wrongful Act	1,000,000
Bodily Injury by Accident	1,000,000
Bodily Injury by Disease	1,000,000
Educational Legal Liability (\$2,500 deductible)	
Aggregate	3,000,000
Each Injury	1,000,000
Excess Liability Coverage	
Aggregate	3,000,000
Per Occurrence	3,000,000
Public Official Bonds	
Treasurer	50,000
Superintendent / Board President (each)	20,000

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

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 12 - RISK MANAGEMENT - (Continued)

B. Dental Insurance

Prior to July 1, 2011, dental insurance was offered to employees through a self-insurance internal service fund. Professional Risk Management, Inc. was the third party administrator for dental insurance. Dental insurance premiums were determined by the District Board of Education, which paid all incurred claims. During fiscal year 2012, the District moved its dental insurance activity to the PCPEBP and was no longer self-insured. Professional Risk Management, Inc., a third party administrator, serviced all dental claims submitted by employees.

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

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Claims liabilities at beginning of fiscal year	\$ 18,158	\$ 15,141
Incurred claims	690	250,393
Claims paid	<u>(18,848)</u>	<u>(247,376)</u>
Claims liabilities at end of fiscal year	<u>\$ -</u>	<u>\$ 18,158</u>

C. Health Care and Dental Insurance Benefits

The District offers health care benefits to employees through the PCPEBP, a public entity shared risk pool, currently operating as a common risk management and insurance program for 4 member school districts. Effective July 1, 2011, the District began offering dental benefits to employees through PCPEBP. The PCPEBP was organized to provide health care benefits and dental insurance benefits to its members.

The District pays 94% of the health care insurance premiums for all full-time employees. This percentage is pro-rated for part-time employees. The health care coverage is administered by United Healthcare, a third party administrator. The stop-loss coverage is \$175,000 per covered person and an aggregate of \$1,000,000.

D. Life Insurance

The District provides life insurance for all full-time employees based on negotiated agreements, Board policy, and individual contracts. Life insurance is purchased through the Metropolitan Educational Council.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 12 - RISK MANAGEMENT - (Continued)

E. Workers' Compensation

The District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC) Workers' Compensation Group Rating Plan (GRP). The SOEPC contracts with Hunter Consulting to provide an insurance purchasing pool for workers compensation. The intent of the pool is to achieve the benefit of a reduced premium for the District by virtue of grouping and representation with other participants in the pool. The workers compensation experience of the participating school districts is calculated as on experience and a common premium rate is applied to all school districts in the pool. Each participant pays this rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the pool. A participant will then either receive money from or be required to contribute to the pool. This equity pooling arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to school districts that can meet the pool's selection criteria. Hunter Consulting provides administrative cost control and actuarial services to the SOEPC. The District paid SOEPC \$1,500 in administrative fees during fiscal year 2012.

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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 on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$304,046, \$309,829 and \$372,976, respectively; 57.53 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B. State Teachers Retirement System of Ohio

Plan Description - The 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 visiting the STRS Ohio website at www.strsoh.org, under "Publications".

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 13 - PENSION PLANS - (Continued)

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 fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$1,103,797, \$1,211,139 and \$1,153,107, respectively; 84.06 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$28,944 made by the District and \$20,674 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

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 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$52,614, \$78,322 and \$48,646, respectively; 57.53 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$17,955, \$19,938 and \$22,169, respectively; 57.53 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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, under "Publications" 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 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$84,907, \$93,165 and \$88,701, respectively; 84.06 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 893,058
Net adjustment for revenue accruals	(1,200,013)
Net adjustment for expenditure accruals	152,242
Net adjustment for other sources/uses	(29,505)
Funds budgeted elsewhere	(73,913)
Adjustment for encumbrances	40,168
GAAP basis	<u>\$ (217,963)</u>

Certain funds that are legally budgeted in separate special revenue funds, internal service funds and agency funds are considered part of the general fund on a GAAP basis.

NOTE 16 - CONTINGENCIES

A. Grants and Enrollment

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data; however, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

NOTE 17 - SET-ASIDES - (Continued)

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	368,139
Current year qualifying expenditures	(604,764)
Current year offsets	<u>(216,698)</u>
Total	<u>\$ (453,323)</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

NOTE 18 - COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 32,501
Other governmental	<u>52,658</u>
Total	<u>\$ 85,159</u>

NOTE 19 - SUBSEQUENT EVENT

Following the fiscal year ended June 30, 2012, Nicholas Roberts became the Treasurer of the District.

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LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster			
Non-Cash Assistance (Food Distribution):			
School Breakfast Program	10.553	\$ 12,901	\$ 12,901
National School Lunch Program	10.555	35,062	35,062
Cash Assistance:			
School Breakfast Program	10.553	123,170	123,170
National School Lunch Program	10.555	<u>334,750</u>	<u>334,750</u>
Total Nutrition Cluster		<u>505,883</u>	<u>505,883</u>
Total U.S. Department of Agriculture		<u>505,883</u>	<u>505,883</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	340,736	337,676
ARRA - Title I Grants to Local Education Agencies	84.389	<u>14,740</u>	<u>15,794</u>
Total Title I Cluster		<u>355,476</u>	<u>353,470</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	498,898	498,542
Special Education - Preschool Grants	84.173	8,847	8,624
ARRA - Special Education - Grants to States	84.391	<u>34,732</u>	<u>37,737</u>
Total Special Education Cluster		<u>542,477</u>	<u>544,903</u>
Title II-D - Technology Fund	84.318	97	2,654
Title II-A - Improving Teacher Quality	84.367	109,009	110,422
ARRA - Race to the Top Incentive Grants	84.395	1,400	1,400
Education Jobs Fund	84.410	<u>414,177</u>	<u>414,177</u>
Total U.S. Department of Education		<u>1,422,636</u>	<u>1,427,026</u>
U.S. Department of Health and Human Services Passed Through Ohio Department of Developmental Disabilities			
Medical Assistance Program Community Alternative Funding System	93.778	<u>36,514</u>	<u>-</u>
Total U.S. Department of Health and Human Services		<u>36,514</u>	<u>-</u>
Total		<u>\$ 1,965,033</u>	<u>\$ 1,932,909</u>

The accompanying notes are an integral part of this schedule.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Logan Elm Local School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

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

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 Logan Elm Local School District, Pickaway County, Ohio (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 15, 2013. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 15, 2013.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

February 15, 2013



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM, AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Compliance

We have audited the compliance of Logan Elm Local School District, Pickaway County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2012. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. 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.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 these 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 these requirements.

In our opinion, Logan Elm Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major programs for the year ended June 30, 2012.

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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 management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

February 15, 2013

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster Grant (CFDA #10.553 and #10.555) Education Jobs (CFDA #84.410) Improving Teacher Quality, Title II-A (CFDA #84.367)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

LOGAN ELM LOCAL SCHOOL DISTRICT

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 21, 2013