



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

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2005**



**Auditor of State  
Betty Montgomery**



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Benjamin Logan Local School District, Logan County, (the "School District"), as of and for the fiscal year ended June 30, 2005, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2005, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund and the Emergency Levy Fund thereof for the fiscal year then ended in conformity with the basis of accounting Note 2 describes.

For the fiscal year ended June 30, 2005, the School District revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements— and Management's Discussion and Analysis— for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2006, on our consideration of the School 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.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 31, 2006

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

The discussion and analysis of the Benjamin Logan Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2005 are as follows:

In total, net assets increased \$527,325 during fiscal year 2005. The main factor that contributed to the net asset increase was an increase in property and other local taxes in fiscal year 2005.

General revenues accounted for \$22,801,740 or 89 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$2,851,784, or 11 percent of total revenues of \$25,653,524.

The School District's major funds included the General Fund, the Bond Retirement Fund and the Emergency Levy Fund. The General Fund had \$14,064,192 in receipts and other financing sources and \$14,369,185 in disbursements and other financing uses. The Bond Retirement Debt Service Fund had \$8,094,010 in receipts and other financing sources and \$7,971,462 in disbursements and other uses. The Emergency Levy Special Revenue Fund had \$1,659,442 in receipts and \$1,170,518 in disbursements.

An increase in total instructional cost by 12.4% is mainly due to an increase in instructional spending due to professional development advancement on the salary schedule and an increase in insurance benefits (12.4%).

An increase in pupil transportation was mainly due to increased fuel cost of approximately \$356,657, and to the fact that the School District purchased four new buses during fiscal year 2005, one of which was a special education-handicap accessible bus.

The School District's fiscal year 2005 acquisitions and construction costs included relocating fuel tanks, installing an irrigation system on the football field, and starting construction of a soccer field. The School District also completed the baseball concession stand and the final stage of the high school window replacement project.

The School District sold the old Administration Office/Bus Garage on November 21, 2004 for \$130,000.

On February 22, 2005, the Board of Education refinanced the construction bonds of the 1994, and portions of the 1993 and 1997 issues to save the School District \$538,135 (Net Present Value). The revenue generated from the Bond Retirement Debt Service Fund is used to pay for the current portion of bonded debt.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the School District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities, both reported on the cash basis, provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide a greater 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 School District's most significant funds, with all other non-major funds presented in total in a single column. For the School District, the General Fund is the most significant fund. The General Fund, the Bond Retirement Fund and the Emergency Levy Fund are the School District's major funds.

**Reporting the School District as a Whole**

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

The statement of net assets and the statement of activities, both reported on the cash basis, reflects how the School District did financially during fiscal year 2005. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets, cash basis, and the statement of activities, cash basis, the School District discloses a single type of activity - governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund, the Bond Retirement Fund and the Emergency Levy Fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the cash basis of accounting.

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2005. A comparative analysis is not provided because this is the first year for government-wide financial statements using the cash basis of accounting. An analysis will be provided in future years when prior year information is available.

**Table 1  
Net Assets - Cash Basis  
Governmental Activities**

	<b>2005</b>
<b>Assets:</b>	
Current and Other Assets	\$6,889,169
Total Assets	<u>6,889,169</u>
<b>Net Assets:</b>	
Restricted	4,034,555
Unrestricted	<u>2,854,614</u>
Total	<u><u>\$6,889,169</u></u>

Table 2 reflects the changes in net assets for fiscal year 2005. This is the first year of implementation of the OCBOA 34 reporting format. Comparative figures are not available for fiscal year 2004. A comparative analysis will be provided in future years when prior year information is available.

**Table 2  
Change in Net Assets - Cash Basis  
Governmental Activities**

	<b>2005</b>
<b>Revenues:</b>	
Program Revenues:	
Charges for Services and Sales	\$1,693,713
Operating Grants, Contributions and Interest	1,140,746
Capital Grants and Contributions	<u>17,325</u>
Total Program Revenues	<u>2,851,784</u>
General Revenues:	
Property Taxes	10,160,362
Grants and Entitlements	6,165,034
Gifts and Donations	23,307
Investment Earnings	122,517
Miscellaneous	20,733
General Obligation Bonds Issued	6,027,170
Proceeds from Sale of Fixed Assets	133,302
Premium on Sale of Bonds	<u>149,315</u>
Total General Revenues	<u>22,801,740</u>
Total Revenues	<u><u>25,653,524</u></u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

<b>Expenses:</b>	
Instruction	9,086,357
Support Services:	
Pupils	501,488
Instructional Staff	631,938
Board of Education	57,986
Administration	1,679,762
Fiscal	457,356
Operation and Maintenance of Plant	1,388,941
Pupil Transportation	1,359,305
Central	240,811
Non-Instructional	682,401
Extracurricular Activities	478,765
Capital Outlay	599,424
Principal	1,543,653
Interest and Fiscal Charges	241,530
Bond Issuance Costs	115,472
Payment to Refunding Bond Escrow Agent	6,061,010
Total Expenses	<u>25,126,199</u>
Increase in Net Assets	<u>\$527,325</u>

Program receipts account for 11 percent of total receipts and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 36 percent of all governmental disbursements. Other programs which support the instruction process, including pupil, instructional staff, and pupil transportation account for 10 percent of governmental disbursements. Maintenance of the School District's facilities also represents a significant disbursement of 6 percent. The remaining 48 percent of the School District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

**Governmental Activities**

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities, cash basis, reflects the cost of program service and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

**Table 3  
Governmental Activities**

	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
	<b>2005</b>	<b>2005</b>
Instruction	\$9,086,357	\$7,052,778
Support Services:		
Pupils	501,488	379,519
Instructional Staff	631,938	631,938
Board of Education	57,986	57,986
Administration	1,679,762	1,679,762
Fiscal	457,356	457,356
Operation and Maintenance of Plant	1,388,941	1,388,941
Pupil Transportation	1,359,305	1,359,305
Central	240,811	225,579
Non-Instructional	682,401	106,061
Extracurricular Activities	478,765	374,101
Capital Outlay	599,424	599,424
Principal	1,543,653	1,543,653
Interest and Fiscal Charges	241,530	241,530
Bond Issuance Costs	115,472	115,472
Payment to Refunding Bond Escrow Agent	6,061,010	6,061,010
Total Expenses	<u>\$25,126,199</u>	<u>\$22,274,415</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 77 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 88 percent. The remaining 12 percent are derived from tuition and fees, specific grants, and donations.

**The School District's Funds**

The School District's governmental funds are accounted for using the cash basis of accounting. The School District's major government funds are the General Fund, the Bond Retirement Fund and the Emergency Levy Fund. Total governmental funds had receipts of \$25,653,524 and disbursements of \$25,126,199. The net positive change of \$527,325 in fund balance for the year indicates that the School District was able to meet current costs.

**General Fund Budgeting Highlights**

The School 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. During fiscal year 2005, the School District amended its General Fund budget as needed. Final budgeted receipts were in the amount of \$13,125,400 were the same as the original budget. Actual receipts of \$14,064,192 were \$938,792 greater than budgeted. Final expenditures were budgeted at \$15,200,855 while actual expenditures were \$14,516,276.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

**Debt Administration**

At June 30, 2005, the School District had \$6,641,200 of general obligation bonds, of which \$6,027,170 represents the 2005 advanced refunding of the 1993, 1994, and 1997 issues. The bonds will be retired from the Bond Retirement Debt Service Fund.

At June 30, 2005, the School District's overall legal debt margin was \$18,984,381, with an un-voted debt margin of \$284,729.

For further information regarding the School District's debt, see the Note 9 to the basic financial statements.

**Current Issues**

The challenge for all school districts is to provide a quality education with limited revenue growth. This is even more challenging for a rural School District such as Benjamin Logan Local Schools. With mainly one industry, whose Tangible Personal Property tax is being replaced with the HB 66 approved CAT tax that flows through the state, the School District must rely on local taxes and state support even further for future revenue growth. The five-year forecast is predicting a deficit for fiscal year 2010.

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

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Robert Kuehnle, Treasurer, Benjamin Logan Local School District, 4740 County Road 26, Bellefontaine, OH 43311-9532.

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2005**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$6,889,169</u>
<b>Net Assets:</b>	
Restricted for:	
Debt Service	757,144
Set Asides	74,443
Other Purposes	3,202,968
Unrestricted	<u>2,854,614</u>
<b>Total Net Assets</b>	<u><u>\$6,889,169</u></u>

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Cash Disbursements	Program Cash Receipts		Capital Grants and Contributions	Net (Disbursements) Receipt and Change In Net Assets
		Charges for Services	Operating Grants and Contributions		Governmental Activities
<b>Governmental Activities:</b>					
Current:					
Instruction:					
Regular	\$6,218,749	\$894,563	\$536,651	\$17,325	(\$4,770,210)
Special	1,326,827		585,040		(741,787)
Vocational	558,708				(558,708)
Other	982,073				(982,073)
Support Services:					
Pupils	501,488	121,969			(379,519)
Instructional Staff	631,938				(631,938)
Board of Education	57,986				(57,986)
Administration	1,679,762				(1,679,762)
Fiscal	457,356				(457,356)
Operation and Maintenance of Plant	1,388,941				(1,388,941)
Pupil Transportation	1,359,305				(1,359,305)
Central	240,811		15,232		(225,579)
Operation of Non-Instructional Services	682,401	572,517	3,823		(106,061)
Extracurricular Activities	478,765	104,664			(374,101)
Capital Outlay	599,424				(599,424)
Debt Service:					
Principal Retirement	1,543,653				(1,543,653)
Interest and Fiscal Charges	241,530				(241,530)
Bond Issuance Costs	115,472				(115,472)
Payment to Refunded Bond Escrow Agent	6,061,010				(6,061,010)
<b>Total Governmental Activities</b>	<b>\$25,126,199</b>	<b>\$1,693,713</b>	<b>\$1,140,746</b>	<b>\$17,325</b>	<b>(22,274,415)</b>

**General Receipts:**

Property Taxes Levied for:	
General Purposes	6,824,660
Debt Service	1,788,252
Emergency Operating Levy	1,547,450
Grants and Entitlements not Restricted to Specific Programs	6,165,034
Gifts and Donations	23,307
Investment Earnings	122,517
Miscellaneous	20,733
Refunding Bonds	6,027,170
Premium on Sale of Bonds	149,315
Proceeds from Sale of Capital Assets	133,302
<b>Total General Receipts</b>	<b>22,801,740</b>
Change in Net Assets	527,325
Net Assets at Beginning of Year	6,361,844
<b>Net Assets at End of Year</b>	<b>\$6,889,169</b>

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2005**

	<u>General</u>	<u>Bond Retirement</u>	<u>Emergency Levy</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$2,780,171	\$757,144	\$2,975,527	\$301,884	\$6,814,726
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	<u>74,443</u>				<u>74,443</u>
Total Assets	<u>2,854,614</u>	<u>757,144</u>	<u>2,975,527</u>	<u>301,884</u>	<u>6,889,169</u>
<b>Fund Balances:</b>					
Reserve for Encumbrances	147,091		1,000	10,651	158,742
Reserve for Budget Stabilization	74,443				74,443
Unreserved, Reported in:					
General Fund	2,633,080				2,633,080
Special Revenue Funds			2,974,527	291,233	3,265,760
Debt Service Fund		<u>757,144</u>			<u>757,144</u>
Total Net Assets	<u>\$ 2,854,614</u>	<u>\$ 757,144</u>	<u>\$ 2,975,527</u>	<u>\$ 301,884</u>	<u>\$ 6,889,169</u>

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



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN FUND BALANCES GOVERNMENTAL FUNDS - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>General</u>	<u>Debt Service</u>	<u>Emergency Levy</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$6,824,663	\$1,788,252	\$1,547,450		\$10,160,365
Intergovernmental	6,089,286	129,276	111,992	992,551	7,323,105
Interest	120,067			2,450	122,517
Tuition and Fees	890,651			3,142	893,793
Rent	770				770
Extracurricular Activities				226,633	226,633
Gifts and Donations	2			23,305	23,307
Customer Sales and Services				572,517	572,517
Miscellaneous	8,092			12,641	20,733
<b>Total Receipts</b>	<b>13,933,531</b>	<b>1,917,528</b>	<b>1,659,442</b>	<b>1,833,239</b>	<b>19,343,740</b>
<b>Cash Disbursements:</b>					
Current:					
Instruction:					
Regular	5,578,982		449,370	190,397	6,218,749
Special	1,015,115		4,288	307,424	1,326,827
Vocational	552,573			6,135	558,708
Other	982,073				982,073
Support Services:					
Pupils	372,482			129,006	501,488
Instructional Staff	561,026			70,912	631,938
Board of Education	57,986				57,986
Administration	1,087,347		512,820	79,595	1,679,762
Fiscal	379,394	37,197	40,765		457,356
Operation and Maintenance of Plant	1,384,548			4,393	1,388,941
Pupil Transportation	1,196,030		163,275		1,359,305
Central	217,290			23,521	240,811
Operation of Non-Instructional Services				682,401	682,401
Extracurricular Activities	344,430			134,335	478,765
Capital Outlay	599,424				599,424
Debt Service:					
Principal	18,653	1,525,000			1,543,653
Interest and Fiscal Charges	8,747	232,783			241,530
Bond Issuance Costs		115,472			115,472
<b>Total Disbursements</b>	<b>14,356,100</b>	<b>1,910,452</b>	<b>1,170,518</b>	<b>1,628,119</b>	<b>19,065,189</b>
Receipts Over/(Under) Disbursements	(422,569)	7,076	488,924	205,120	278,551
<b>Other Financing Sources (Uses):</b>					
Refunding Bonds		6,027,170			6,027,170
Payment to Refunded Bond Escrow Agent		(6,061,010)			(6,061,010)
Proceeds from the Sale of Capital Assets	130,661			2,641	133,302
Premium on Sale of Bonds		149,312			149,312
Advances In	183,759			2,320	186,079
Transfers In				13,085	13,085
Advances Out	(2,320)			(183,759)	(186,079)
Transfers Out	(13,085)				(13,085)
<b>Total Other Financing Sources (Uses)</b>	<b>299,015</b>	<b>115,472</b>		<b>(165,713)</b>	<b>248,774</b>
Changes in Fund Balances	(123,554)	122,548	488,924	39,407	527,325
Fund Balances at Beginning of Year	2,978,169	634,596	2,486,603	262,476	6,361,844
Fund Balances at End of Year	<b>\$2,854,615</b>	<b>\$757,144</b>	<b>\$2,975,527</b>	<b>\$301,883</b>	<b>\$6,889,169</b>

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGE IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL-GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$5,495,017	\$5,495,017	\$6,824,663	\$1,329,646
Intergovernmental	6,489,528	6,489,528	6,089,286	(400,242)
Interest	160,738	160,738	120,067	(40,671)
Tuition and Fees	877,467	877,467	890,651	13,184
Rent	1,500	1,500	770	(730)
Gifts and Donations			2	2
Miscellaneous	101,150	101,150	7,774	(93,376)
<b>Total Receipts</b>	<b>13,125,400</b>	<b>13,125,400</b>	<b>13,933,213</b>	<b>807,813</b>
<b>Cash Disbursements:</b>				
Current:				
Instruction:				
Regular	5,773,774	5,773,774	5,608,015	165,759
Special	1,099,704	1,099,704	1,019,257	80,447
Vocational	539,110	539,110	553,828	(14,718)
Other	1,050,000	1,050,000	982,073	67,927
Support Services:				
Pupil	419,422	419,422	373,303	46,119
Instructional Staff	615,192	615,192	561,086	54,106
Board of Education	86,592	86,592	70,050	16,542
Administration	1,127,451	1,127,451	1,088,651	38,800
Fiscal	338,950	338,950	380,194	(41,244)
Operation and Maintenance of Plant	1,615,843	1,615,843	1,421,302	194,541
Pupil Transportation	1,126,505	1,126,505	1,213,920	(87,415)
Central	289,448	289,448	231,890	57,558
Extracurricular Activities:				
Academic Oriented Activities	42,661	42,661	20,387	22,274
Occupation Oriented Activities	1,742	1,742	1,427	315
Sport Oriented Activities	323,115	323,115	298,092	25,023
School and Public Service Co-Curricular Activities	16,839	16,839	24,524	(7,685)
Capital Outlay:				
Site Improvement Services	357,703	357,703	330,320	27,383
Building Acquisition and Construction Services	349,404	349,404	297,472	51,932
Debt Service:				
Principal	18,653	18,653	18,653	
Interest	8,747	8,747	8,747	
<b>Total Disbursements</b>	<b>15,200,855</b>	<b>15,200,855</b>	<b>14,503,191</b>	<b>697,664</b>
Receipts Under Disbursements	(2,075,455)	(2,075,455)	(569,978)	1,505,477
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets			130,661	130,661
Refund of Prior Year Expenditures			318	318
Advance In			183,759	183,759
Transfers Out			(13,085)	(13,085)
Advances Out			(2,320)	(2,320)
<b>Total Other Financing Sources (Uses)</b>			<b>299,333</b>	<b>299,333</b>
Change in Fund Balance	(2,075,455)	(2,075,455)	(270,645)	1,804,810
Fund Balance at Beginning of Year	2,047,615	2,047,615	2,047,615	
Prior Year Encumbrances Appropriated	930,554	930,554	930,554	
<b>Fund Balance at End of Year</b>	<b>\$902,714</b>	<b>\$902,714</b>	<b>\$2,707,524</b>	<b>\$1,804,810</b>

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGE IN FUND BALANCE  
BUDGET (NON-GAAP BASIS) AND ACTUAL-EMERGENCY LEVY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$1,418,774	\$1,418,774	\$1,547,450	\$128,676
Intergovernmental	107,277	107,277	111,992	4,715
<b>Total Receipts</b>	<u>1,526,051</u>	<u>1,526,051</u>	<u>1,659,442</u>	<u>133,391</u>
<b>Cash Disbursements:</b>				
Instruction:				
Regular	475,995	475,995	449,370	26,625
Special	165,000	165,000	5,288	159,712
Support Services:				
Administration	425,000	425,000	512,820	(87,820)
Fiscal	25,000	25,000	40,765	(15,765)
Pupil Transportation	175,000	175,000	163,275	11,725
<b>Total Disbursements</b>	<u>1,265,995</u>	<u>1,265,995</u>	<u>1,171,518</u>	<u>94,477</u>
Revenues Over Expenditures	260,056	260,056	487,924	227,868
Fund Balance at Beginning of Year	<u>2,486,603</u>	<u>2,486,603</u>	<u>2,486,603</u>	
<b>Fund Balance at End of Year</b>	<u><u>\$2,746,659</u></u>	<u><u>\$2,746,659</u></u>	<u><u>\$2,974,527</u></u>	<u><u>\$227,868</u></u>

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

BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
HARDIN COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2005

	<u>Agency</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$82,163</u>
<b>Net Assets:</b>	
Held for Student Activities	<u>\$82,163</u>

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

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

The School District was established during 1969 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 225 square miles, 201 square miles in Logan County, 18 square miles in Hardin County, and six square miles in Union County. It is located in Logan County, and includes the Villages of Belle Center, Rushsylvania, Valley High, Middleburg, West Mansfield, Zanesfield, and East Liberty. The School District is the 289th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 91 non-certificated employees, 135 certificated full-time teaching personnel who provide services to 1943 students and other community members. The School District currently operates three instructional buildings and a garage building.

**A. Reporting Entity:**

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

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

The School District is associated with three significant types of organizations, which includes four jointly governed organizations, two insurance purchasing pools, and a related organization. These organizations include the Western Ohio Computer Organization, the Ohio Hi-Point Joint Vocational School, the West Central Ohio Special Education Regional Resource Center, the Logan County Education Foundation, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Logan County Schools Benefit Plan Association, and the Belle Center Free Public Library. These organizations are presented in Notes 12, 13, and 14 to the basic financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

Although Ohio Administrative Code Section 117-2-03 (B) requires the School District's financial report to follow generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. The School District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

**B. Basis of Presentation**

The School District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**1. Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

**2. Fund Financial Statements**

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**C. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories, governmental and fiduciary.

**1. Governmental Funds**

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The School District's major funds are the General Fund, the Bond Retirement Fund and the Emergency Levy Fund.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

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

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

**Emergency Levy Fund** - The Emergency Levy Fund is used to account for expenditures of the School District's emergency operating levy.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**2. Fiduciary Funds**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various student-managed activities.

**D. Budgetary Process**

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

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

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

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

**E. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2005, the School District invested in Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Association Notes, Certificates of Deposit, and the State Treasury Assets Reserve of Ohio (STAROhio). Investments are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2005.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2005 amounted to \$120,067, which includes \$70,840 assigned from the other funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets represent amounts required by State statute to be set aside for budget stabilization.

**G. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**H. Compensated Absences**

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

**I. Long-term Obligations**

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

**J. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for budget stabilization, food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specific purposes.



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

**K. Interfund Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

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.

**L. Fund Balance Reserves**

The School District reserves those portions of fund balance which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and budget stabilization.

**3. CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2005, the School District has implement Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosure". GASB Statement No. 40 establishes and modifies the disclosure requirements related to investment risks. The implementation of this statement did not result in any change to the District's financial statements.

**4. DEPOSITS AND INVESTMENTS**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District Treasury. Active monies must be maintained either as cash in the School 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 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 monies are those monies that 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 held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

2. Bonds, notes, debentures, or any other obligation or security 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;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,033,497 of the School District's bank balance of \$1,333,497 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name. The School District's carrying value of the deposits at year-end is \$1,043,788.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**B. Investments**

As of June 30, 2005, the School District had the following investments.

<u>Investment Type</u>	<u>Carrying Value</u>	<u>Less than One year</u>
Federal Home Loan Mortgage Corporation Notes	\$2,442,461	\$2,442,461
Federal National Mortgage Association Notes	1,980,425	1,980,425
Certificates of Deposits	1,500,000	1,500,000
STAR Ohio	4,658	4,658
Total Investments	<u>\$5,927,544</u>	<u>\$5,927,544</u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

Interest Rate Risk - As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within one year from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk - The Federal Home Loan Mortgage Corporation Notes and Federal National Mortgage Association Notes carry a rating of Aaa by Moody's and AAA by Standard and Poor's. STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. Investments in commercial paper are limited to notes rated at the time of purchase to the highest classification established by two nationally recognized standard rating services. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 National Mortgage Association Notes, and the Federal Home Loan Mortgage Corporation Notes 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 School District's name. The School 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.

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time. The School District's investment in Federal Home Loan Mortgage Corporation Notes, and in Federal National Mortgage Association Notes represents 41% and 33%, respectively, of the School District's total investments.

**5. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the School District operates on a fiscal year from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied April 1 on the assessed value listed as of the prior January 1, the lien date.

Public utility property taxes attached as a lien on December 31 of the prior fiscal year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**5. PROPERTY TAXES (Continued)**

Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due in February with the remainder payable in July. Under certain circumstances, State statute permits earlier or later payment dates to be established.

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

The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The School District receives property taxes from Logan, Hardin and Union Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2005 taxes were collected are:

	<b>2004 Second- Half Collections</b>		<b>2005 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$175,387,830	71%	\$196,918,530	69%
Public Utility Real and Personal Property	10,944,840	5%	11,241,090	4%
Tangible Personal Property	60,082,810	24%	76,569,060	27%
Total Assessed Value	<u>\$246,415,480</u>	<u>100%</u>	<u>\$284,728,680</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$41.65		\$39.70	

**6. RISK MANAGEMENT**

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

The School District's comprehensive commercial insurance coverage for real property and building contents has a liability limit of \$37,671,458, and a 100 percent co-insurance. The School District's fleet insurance has a liability limit of \$1,000,000, and \$5,000 for medical payments. The policy includes a \$500 deductible for comprehensive and collision coverage. The School District also has a \$5,000,000 Excess Liability policy (Umbrella) over all the underlying liability for a total limit of \$6,000,000.

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**7. DEFINED BENEFIT PENSION PLAN**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004 and 2003 were \$271,647, \$174,990 and \$121,483; 100 percent has been contributed for fiscal years 2005, 2004 and 2003.

**B. State Teachers Retirement System**

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

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 member contributions and earned interest matched by STRS Ohio funds times 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**7. DEFINED BENEFIT PENSION PLAN (Continued)**

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,020,128, \$828,296 and \$687,002; 100 percent has been contributed for fiscal years 2005, 2004 and 2003.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2005, all five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**8. POST-EMPLOYMENT BENEFITS**

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$78,471 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2005 fiscal year, School District paid \$120,309 to fund health care benefits, including the surcharge.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2005, were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has approximately 58,123 participants currently eligible to receive health care benefits.

**9. DEBT OBLIGATIONS**

Debt obligations of the School District at June 30, 2005, consisted of the following:

	<b>Principal Outstanding 06/30/04</b>	<b>Additions</b>	<b>Reductions</b>	<b>Principal Outstanding 06/30/05</b>
2005 Refinancing Bond Issue		\$5,700,000		\$5,700,000
Capital Appreciation Bonds		327,170		327,170
1994 New School Building	4,610,000		4,610,000	
1997 Elementary and Middle School Building	1,310,000		1,035,000	275,000
Capital Appreciation Bonds	54,113			54,113
1993 New School Building	1,110,000		1,110,000	
Capital Appreciation Bonds	284,108		108,637	175,471
Energy Conservation Loan	144,489		18,653	125,836
Long-Term Debt	<u>7,512,710</u>	<u>6,027,170</u>	<u>6,882,290</u>	<u>6,657,590</u>
Capital Lease	1,554		745	809
Total Long-Term Obligations	<u>\$7,514,264</u>	<u>\$6,027,170</u>	<u>\$6,883,035</u>	<u>\$6,658,399</u>

**A. 2005 Refinancing Bond Issue**

On February 22, 2005, the School District issued \$6,027,170 in general obligation bonds to refinance prior bond issues. The bonds were issued for a ten-year period with final maturity at December 1, 2014. The bonds will be retired from the Bond Retirement Debt Service Fund. The bond issue consists of \$5,700,000 Current Interest Serial Bonds at interest rate 3.0 to 3.375%, and \$327,170 Capital Appreciation Bonds with interest rates at approximately 8.90% (or the rate, that, when applied to the original principal amount, compounded semiannually results in maturity amount) for an approximate yield to maturity of 3.31 to 3.87%. The proceeds from the refunding bond issue were used to retire \$3,950,000 of the 1994 bond issue, \$1,110,000 of the 1993 bond issue, and \$975,000 of the 1997 bond issue. The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete refunding is 538,135. The economic gain resulting from the refunding is \$275,608.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**9. DEBT OBLIGATIONS (Continued)**

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

Elementary and Middle School General Obligation Bonds - On December 1, 1997, the School District issued \$1,499,113 in voted general obligation bonds for new elementary and middle schools. The bonds were issued for an eighteen-year period with final maturity at December 1, 2015. The bonds will be retired from the Bond Retirement Debt Service Fund. The bond issue consists of \$745,000 Current Interest Serial Bonds at interest rates ranging from 4.1 to 4.75%, \$54,113 Capital Appreciation Bonds with interest rates at approximately 14.5% (or the rate, that, when applied to the original principal amount, compounded semiannually results in maturity amount) for an approximate yield to maturity of 5 to 5.1%, and \$700,000 Current Interest Term Bonds with an interest rate of 5% and yield rate of 5.1%. The Capital Appreciation Bonds will mature in fiscal years 2010 and 2011. The maturity amount of the Capital Appreciation bonds is \$355,000.

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

**C. 1994 New School General Obligation Bonds**

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

The proceeds from the 2005 Refinancing Bond Issue were used to pay off \$690,000 in Serial Bonds and the entire \$3,260,000 in Term Bonds.

**D. 1993 New School General Obligation Bonds**

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

The Capital Appreciation Bonds will mature in fiscal years 2005 to 2007. The maturity amount of the bonds is \$1,905,000. During Fiscal Year 2005, Capital Appreciation Bonds with a maturity amount of \$630,000 were retired. The \$1,110,000 Current Interest Term Bonds were paid off with the proceeds from the 2005 Refinancing Bond issue.

Principal and interest requirements to retire general obligation debt at June 30, 2005, are as follows:



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**9. DEBT OBLIGATIONS (Continued)**

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$1,043,887	\$718,931	\$1,762,818
2007	1,037,517	706,121	1,743,638
2008	1,612,422	106,700	1,719,122
2009	1,263,858	61,855	1,325,713
2010	865,373	29,140	894,513
2011-2015	834,533	531,904	1,366,437
Total	<u>\$6,657,590</u>	<u>\$2,154,651</u>	<u>\$8,812,241</u>

**10. CAPITAL LEASES**

The School District has entered into a capitalized lease for the acquisition of a mail machine.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2005.

<u>Fiscal Year Ending June 30, 2006</u>	<u>Mail Machine</u>
Total Lease Payments	\$852
Less: Amount Representing Interest	(43)
Present Value of Net Minimum Lease Payments	<u>\$809</u>

**11. SET ASIDE DISCLOSURE**

The School District is required by state law to set aside certain General Fund revenue amounts, as defined, into various reserves. For fiscal year ended June 30, 2005, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisitions</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 2004	\$(340,231)	\$(441,522)	\$73,588
Required Set-Aside	287,312	287,312	0
Current Year BWC Refunds			855
Qualifying Expenditures	(548,157)	(761,779)	0
Cash Balance Carried Forward to Subsequent Year	<u>\$(601,076)</u>	<u>\$(915,989)</u>	<u>\$74,443</u>

The School District had qualifying disbursements during the year that reduced the textbooks and capital acquisition set-aside amounts to below zero. The School District may, and has chosen to carry forward the excess amount for the textbooks and capital acquisition set-aside to offset set-aside requirements of future years.

In prior years, the School District was also required to set aside money for budget stabilization. S.B. 345 eliminated the requirement for this reserve, however, the School District has continued to maintain and contribute to a budget stabilization reserve established under Ohio Rev. Code Section 5705.13.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**12. JOINTLY GOVERNED ORGANIZATIONS**

**A. Western Ohio Computer Organizations**

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

**B. Ohio Hi-Point Joint Vocational School**

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

**C. West Central Ohio Special Education Regional Resource Center**

The West Central Ohio Special Education Regional Resource Center (SERRC) is a special education service center, which selects its own board, adopts its own budget and receives Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SERRC is governed by a board of 52 members made up of 50 superintendents of the participating School Districts, one non-public school, and Wright State University whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Krista Hart, Treasurer, at the Hardin County Educational Service Center, 1211 West Lima Street, Kenton, Ohio 43326.

**D. Logan County Education Foundation**

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**13. INSURANCE POOLS**

**A. The Ohio School Boards Association Workers' Compensation Group Rating Program**

The School District participates in a group-rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

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

**B. Logan County School Benefit Plan Association**

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

**14. RELATED ORGANIZATION**

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

**15. STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient..."

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**16. CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2005.

**B. Litigation**

There are currently no matters in litigation with the School District as defendant.

**17. INTERFUND BALANCES**

**A. Interfund Advances**

Unpaid interfund cash advance at June 30, 2005 was \$2,320. The General Fund advanced money to Title II-A.

**B. Interfund Transfers**

Transfers between funds during the year ended June 30, 2005 were as follows:

	<b>Interfund Transfers In</b>	<b>Interfund Transfers Out</b>
General		\$13,085
Raider Care Latchkey	\$4,883	
EMIS	8,202	
<b>Totals</b>	<b>\$13,085</b>	<b>\$13,085</b>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
Food Donation	N/A	10.550		\$40,689		\$40,689
National School Lunch Program		10.555	113,836		113,836	
Total U. S. Department of Agriculture - Nutrition Cluster			113,836	40,689	113,836	40,689
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Eisenhower Professional Development State Grants	MS-S1 01	84.281			842	
Safe and Drug-Free Schools and Communities State Grants	DR-S1 01 DR-S1 04 DR-S1 05	84.186	(1,100) 3,892 8,624		576 7,953	
Total Safe and Drug-Free Schools and Communities State Grants			11,416		8,529	
Special Education Grants to States	6B-SF 04 P 6B-SF 05 P	84.027	95,480 329,256		(9,511) 305,675	
Total Special Education Grants to States			424,736		296,164	
Title 1 Grants to Local Educational Agencies	C1-S1 04 C1-S1 05	84.010	39,140 121,165		25,938 116,922	
Total Title 1 Grants to Local Educational Agencies			160,305		142,860	
Innovative Educational Program Strategies	C2-S1 04 C2-S1 05	84.298	4,095 7,471		5,322 7,027	
Total Innovative Educational Program Strategies			11,566		12,349	
Education Technology State Grants	TJ-S1 04 TJ-S1 05	84.318	2,635 8,607		3,365 8,607	
Total Education Technology State Grants			11,242		11,972	
Improving Teacher Quality State Grants	TR-S1 04 TR-S1 05	84.367	29,794 76,658		6,511 78,978	
Total Improving Teacher Quality State Grants			106,452		85,489	
Learn and Serve America School and Community Based Programs	SV-S2 04 SV-S1 05	94.004	8,549 10,000		156 10,000	
Total Learn and Serve America School and Community Based Programs			18,549		10,156	
Total U. S. Department of Education			744,266		568,361	
<b>Federal Emergency Management Agency</b>						
<i>Passed through the Department of Ohio Public Safety</i>						
Public Assistance Grant	EMA-3198-OH	97.036	3,786		3,786	
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$861,888</u>	<u>\$40,689</u>	<u>\$685,983</u>	<u>\$40,689</u>

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B -- NUTRITION CLUSTER**

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

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2005, the District had no significant food commodities in inventory.

**NOTE C -- MATCHING REQUIREMENTS**

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

**NOTE D -- TRANSFER OF FUNDS BETWEEN COST CENTERS**

The following transfers between fund cost centers were approved by the Ohio Department of Education.

<b>Grant and CFDA # / Fund, Cost Center</b>	<b>Transfer out</b>	<b>Transfer in</b>
Special Education Grants to States # 84.027		
516-9004	\$(11,652)	
516-9005		\$11,652
Improving Teacher Quality State Grants # 84.367		
590-9014	\$(5,503)	
590-9005		\$5,503
Safe and Drug-Free Schools and Communities # 84.186		
584-9004	\$(1,013)	
584-9005		\$1,013



**Auditor of State  
Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Benjamin Logan Local School District, Logan County, (the "School District"), as of and for the fiscal year ended June 30, 2005, which collectively comprise the School District's financial statements and have issued our report thereon dated January 31, 2006, wherein, we noted the School District uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School District's ability to record, process, summarize and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-002.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated January 31, 2006.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 31, 2006





**Auditor of State  
Betty Montgomery**

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of Benjamin Logan Local School District, Logan County, (the "School District"), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the fiscal year ended January 31, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School 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 Government's compliance based on our audit.

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

In our opinion, the School District, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the fiscal year ended June 30, 2005. However, we noted an immaterial instance of noncompliance that we have reported to management of the School District in a separate letter dated January 31, 2006.

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### **Internal Control over Compliance**

The School District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School 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 expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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



**Betty Montgomery**  
Auditor of State

January 31, 2006

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2005**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #84.010: Title 1 Grants to Local Educational Agencies CFDA #84.027: Special Education Grants to States
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

**FINDING NUMBER 2005-001**

**Noncompliance Citation**

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

**Ohio Admin. Code Section 117-2-03 (B)** requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the School District prepares its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

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

**FINDING NUMBER 2005-002**

**Reportable Condition**

**Monitoring of Budget versus Actual Activity**

To effectively manage the financial resources of an entity, the governing body should frequently receive and approve financial reports that reflect budget versus actual revenues and expenditures. During fiscal year 2005, the Board of Education's monitoring of budget versus actual activity was limited to reviewing and approving the General Fund for the months of March through June.

The Board's ability to monitor its financial objectives and to identify potential violations of budgetary laws is inhibited when they do not review budget versus actual reports for all funds on a regular basis.

In addition to the General Fund, the Board and/or Finance Committee should periodically review and approve budget versus actual reports for all funds. Evidence of the review and approval of these reports should be documented in the minutes of the School District.

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

None

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	ORC Sec. 117.38 & OAC Sec. 117-2-03(B) – Failed to prepare financial statements in accordance with Generally Accepted Accounting Principles	No	Repeated as finding Number 2005-001
2004-002	ORC Sec. 3313.46 – Failure to bid projects	Yes	
2004-003	Review and Approval of Federal Grant Expenditures	Yes	





**Auditor of State  
Betty Montgomery**

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT**

**LOGAN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 4, 2006**