



Dave Yost • Auditor of State

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Logan Elm Local School District, Pickaway County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Logan Elm Local School District, Pickaway County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Awards Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 21, 2014

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The management's discussion and analysis of the Logan Elm Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, net position of governmental activities increased \$75,382, which represents a 0.65% increase from 2012.
- General revenues accounted for \$17,202,311 in revenue or 82.14% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,739,380 or 17.86% of total revenues of \$20,941,691.
- The District had \$20,866,309 in expenses related to governmental activities; only \$3,739,380 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$17,202,311 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$18,416,772 in revenues and \$17,699,383 in expenditures. During fiscal year 2013, the general fund's fund balance increased \$717,389 from a balance of \$5,732,939 to \$6,450,328.

Using these Basic Financial Statements

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

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and the only governmental fund reported as a major fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District perform financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

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

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

The District's statement of net position and statement of activities can be found on pages 15 and 16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the District's major and other governmental funds. The District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported on the statement of net position and in the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17 through 21 of this report.

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25 through 51 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The District as a Whole

The table below provides a summary of the District's net position for 2013 and 2012. Balances at June 30, 2012 have been reclassified to present property taxes levied for the next fiscal year as a deferred inflow of resources, in accordance with GASB Statement No. 65, rather than as a liability as previously reported.

	Net Position	
	Governmental Activities 2013	Reclassified Governmental Activities 2012
<u>Assets</u>		
Current and other assets	\$ 17,292,722	\$ 17,973,943
Capital assets	<u>3,634,749</u>	<u>3,903,167</u>
Total assets	<u>20,927,471</u>	<u>21,877,110</u>
<u>Liabilities</u>		
Current liabilities	2,166,913	2,386,687
Long-term liabilities	<u>1,253,845</u>	<u>1,241,819</u>
Total liabilities	<u>3,420,758</u>	<u>3,628,506</u>
<u>Deferred inflows of resources</u>	<u>5,916,248</u>	<u>6,733,521</u>
<u>Net position</u>		
Net investment in capital assets	3,634,749	3,903,167
Restricted	664,490	591,604
Unrestricted	<u>7,291,226</u>	<u>7,020,312</u>
Total net position	<u>\$ 11,590,465</u>	<u>\$ 11,515,083</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets exceeded liabilities and deferred inflows of resources by \$11,590,465. Of this total, \$7,291,226 is unrestricted in use.

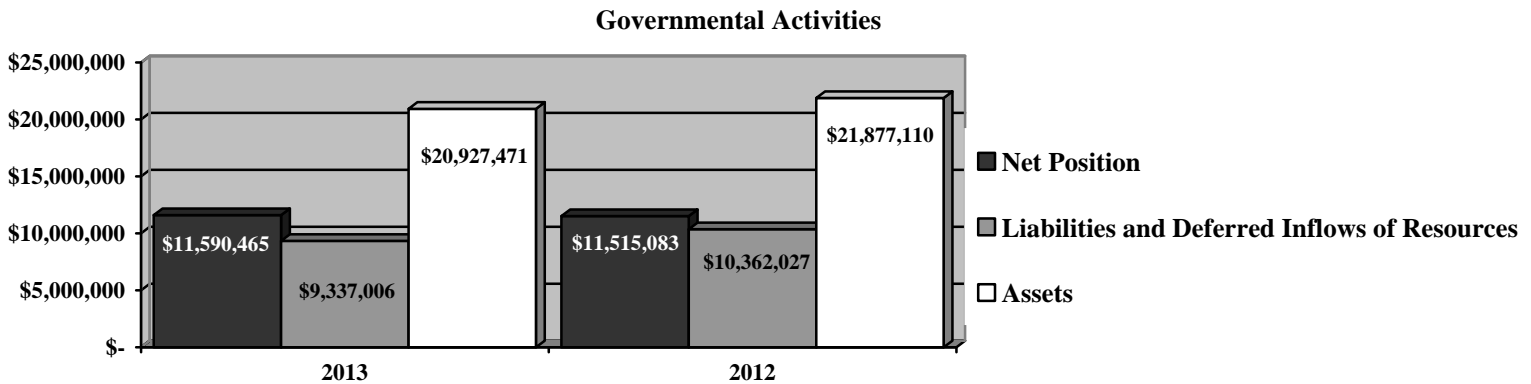
At year-end, capital assets represented 17.37% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets at June 30, 2013, were \$3,634,749. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net position at June 30, 2013, \$664,490, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$7,291,226.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The graph below illustrates the governmental activities' assets, liabilities and deferred inflows of resources, and net position as of June 30, 2013 and June 30, 2012.



Governmental Activities

Net position of the District's governmental activities increased \$75,382. Total governmental expenses of \$20,866,309 were offset by program revenues of \$3,739,380 and general revenues of \$17,202,311. Program revenues supported 17.92% of the total governmental expenses.

Total property tax revenues in the increased \$1,310,958, or 23.68%, due to fluctuations in advances available to finance each fiscal year. The total amount available for advance was \$695,744, \$618,708, and \$1,671,821 at June 30, 2013, 2012, and 2011, respectively; \$1,671,821 available to the District at June 30, 2011 was recognized as revenue during this period rather than when cash was received in fiscal year 2012. This caused a decrease in the amount of revenue recognized in fiscal year 2012.

Operating grants and contributions decreased slightly during 2013 as a result of lower subsidies and entitlements supporting food service operations and decreases in other state and federal grant funding. New operating grant revenue sources during fiscal year 2013 included an Ohio Clean Diesel grant. This grant supported pupil transportation programs and does not extend beyond fiscal year 2013.

Additionally, during fiscal year 2013 the District recognized \$24,343 in capital grants and contributions related to donations from the District's athletic boosters. These contributions were used to acquire new basketball scoreboards and new play clocks for the District's football program. This equipment has been capitalized in the amount of \$24,343 on the statement of net position.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes, and unrestricted grants and entitlements. These revenue sources represent 82.07% of total governmental revenue. The largest expense of the District is for instructional programs. Instruction expenses totaled \$11,507,442 or 55.15% of total governmental expenses for fiscal year 2013.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The table below shows the change in net position for fiscal year 2013 and 2012.

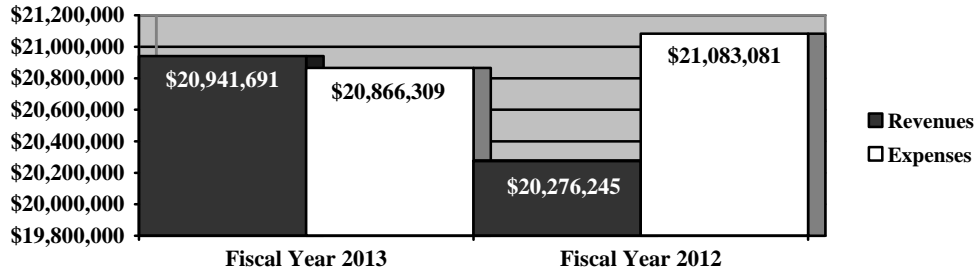
	Change in Net Position	
	Governmental Activities 2012	Governmental Activities 2011
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,389,776	\$ 1,536,909
Operating grants and contributions	2,325,261	2,405,829
Capital grants and contributions	24,343	-
General revenues:		
Property taxes	6,846,229	5,535,271
Income taxes	2,246,861	2,398,518
Grants and entitlements	8,093,668	8,374,033
Investment earnings	2,680	14,974
Other	12,873	10,711
Total revenues	<u>\$ 20,941,691</u>	<u>\$ 20,276,245</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	9,248,280	9,257,064
Special	2,173,174	2,122,619
Vocational	17,477	16,628
Other	68,511	154,759
Support services:		
Pupil	907,310	885,460
Instructional staff	602,225	700,094
Board of education	86,307	80,677
Administration	1,435,264	1,388,317
Fiscal	410,927	514,388
Operations and maintenance	2,351,197	2,291,226
Pupil transportation	1,703,921	1,730,736
Central	383,439	403,792
Food service operations	891,036	935,275
Extracurricular activities	587,241	602,046
Total expenses	<u>20,866,309</u>	<u>21,083,081</u>
Change in net position	75,382	(806,836)
Net position at beginning of year	<u>11,515,083</u>	<u>12,321,919</u>
Net position at end of year	<u>\$ 11,590,465</u>	<u>\$ 11,515,083</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2013 and 2012.

Governmental Activities - Revenues and Expenses



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

Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
Program expenses				
Instruction:				
Regular	\$ 9,248,280	\$ 8,316,780	\$ 9,257,064	\$ 7,987,496
Special	2,173,174	751,742	2,122,619	979,603
Vocational	17,477	11,331	16,628	10,514
Other	68,511	(2,371)	154,759	34,606
Support services:				
Pupil	907,310	856,453	885,460	831,163
Instructional staff	602,225	473,658	700,094	607,522
Board of education	86,307	86,307	80,677	80,677
Administration	1,435,264	1,426,763	1,388,317	1,387,404
Fiscal	410,927	409,720	514,388	514,388
Operations and maintenance	2,351,197	2,345,976	2,291,226	2,291,226
Pupil transportation	1,703,921	1,629,232	1,730,736	1,693,329
Central	383,439	370,600	403,792	388,282
Food service operations	891,036	140,605	935,275	3,324
Extracurricular activities	587,241	310,133	602,046	330,809
Total expenses	<u>\$ 20,866,309</u>	<u>\$ 17,126,929</u>	<u>\$ 21,083,081</u>	<u>\$ 17,140,343</u>

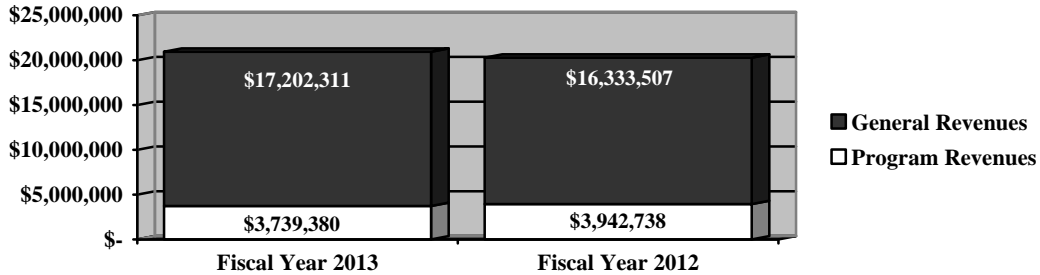
The dependence upon tax and other general revenues for governmental activities is apparent; 78.88% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.08%. The District's taxpayers and unrestricted grants and entitlements, as a whole, are by far the primary support for District's students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal years 2013 and 2012.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds, as presented on page 17, reported a combined fund balance of \$8,286,247, which is higher than last year's total of \$8,130,279. The schedule below indicates the fund balance at June 30, 2013 and June 30, 2012 and the net change in fund balance during fiscal year 2013.

<u>Funds</u>	<u>Fund Balance June 30, 2013</u>	<u>Fund Balance June 30, 2012</u>	<u>Increase (Decrease)</u>
General	\$ 6,450,328	\$ 5,732,939	\$ 717,389
Nonmajor governmental	1,835,919	2,397,340	(561,421)
Total	<u>\$ 8,286,247</u>	<u>\$ 8,130,279</u>	<u>\$ 155,968</u>

General Fund

The District's general fund balance increased \$717,389 during fiscal year 2013.

Tax revenues in the general fund increased \$1,312,108, or 17.22%, due to fluctuations in advances available to finance each fiscal year. In the general fund, the amount available for advance was \$679,225, \$604,263, and \$1,630,515 at June 30, 2013, 2012, and 2011, respectively; while property tax receipts remained consistent during fiscal years 2013 and 2012 on a budgetary basis, \$1,630,515 was available to the District at June 30, 2011, and was accordingly recognized as revenue during this period rather than when cash was received. The amount available as advance can fluctuate based on the timing of tax collections and the date at which tax bills are sent. Tuition revenue decreased during the year due to lower collections for students attending the District through open enrollment. Earnings on investments decreased approximately 50.77% from the prior year due to lower interest rates during 2013 and a net decrease in the fair market value of the District's investment holdings. Other revenues recognized during 2013 were 16.66% higher during fiscal year 2013 due to rental income for the use of the District's land during 2013 and an increase in charges to participants for extracurricular activities; meanwhile while intergovernmental revenues remained consistent with the prior year.

In total, expenditures of the general fund did not vary significantly from fiscal year 2012. Student instruction is the largest component of general fund expenditures, accounting for 59.19% of expenditures incurred during fiscal year 2013. These expenditures increased 2.30% from fiscal year 2012. Support services expenditures decreased 3.45% due to lower spending for instructional staff and fiscal support services. Expenditures for extracurricular activities increased \$19,617, or 6.79%, due to higher salaries and benefits supporting academic, athletic, and music-oriented programs offered to students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The following table summarizes changes in general fund financial activity during 2013 and 2012.

	2013 <u>Amount</u>	2012 <u>Amount</u>	Increase (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 8,931,842	\$ 7,619,734	\$ 1,312,108	17.22 %
Tuition	659,609	744,457	(84,848)	(11.40) %
Earnings on investments	6,240	12,674	(6,434)	(50.77) %
Intergovernmental	8,633,537	8,884,107	(250,570)	(2.82) %
Other revenues	<u>185,544</u>	<u>159,052</u>	<u>26,492</u>	16.66 %
Total	<u>\$ 18,416,772</u>	<u>\$ 17,420,024</u>	<u>\$ 996,748</u>	5.72 %
<u>Expenditures</u>				
Instruction	\$ 10,476,004	\$ 10,240,265	235,739	2.30 %
Support services	6,914,806	7,161,816	(247,010)	(3.45) %
Extracurricular activities	<u>308,573</u>	<u>288,956</u>	<u>19,617</u>	6.79 %
Total	<u>\$ 17,699,383</u>	<u>\$ 17,691,037</u>	<u>\$ 8,346</u>	0.05 %

General Fund Budgeting Highlights

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

For the general fund, final budgeted revenues and other financing sources were \$18,150,000, which matched exactly to the District's original budget. Actual revenues and other financing sources were \$18,247,380, which represented an increase of 0.54% over the District's final budget.

General fund original appropriations of \$18,040,168 were increased by \$100,000 to \$18,140,168 in the final budget. The actual budget-basis expenditures for fiscal year 2013 totaled \$17,745,102, or \$395,066 less than the final budget's appropriated expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had \$3,634,749 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported among the District's governmental activities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

The table that follows shows the balances of the District's capital assets at June 30, 2013 and June 30, 2012.

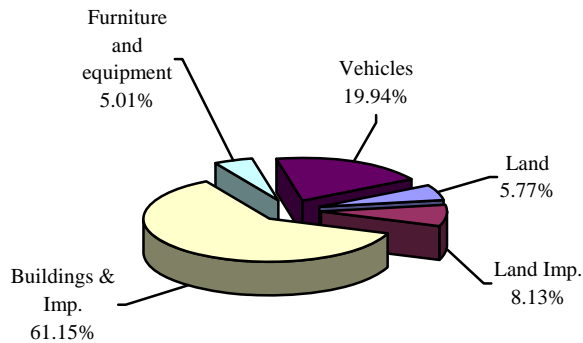
**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	June 30, 2013	June 30, 2012
Land	\$ 209,732	\$ 213,048
Land improvements	295,674	338,738
Building and improvements	2,222,674	2,283,643
Furniture and equipment	181,948	185,683
Vehicles	724,721	882,055
Total	\$ 3,634,749	\$ 3,903,167

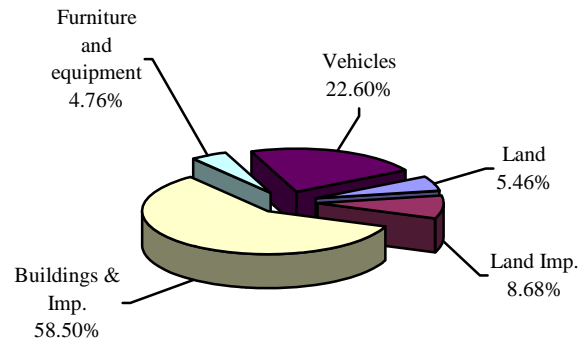
The overall decrease in capital assets of \$268,418 is due to depreciation expense of \$306,743 and disposals of \$3,316 exceeding current year additions of \$41,641.

The graphs below present the District's capital assets for fiscal years 2013 and 2012.

**Capital Assets - Governmental Activities
2013**



**Capital Assets - Governmental Activities
2012**



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

Debt Administration

At June 30, 2013, the District had no debt obligations outstanding.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

Current Financial Related Activities

The District ended fiscal year 2013 with an unencumbered budgetary-basis balance of \$5,725,077 in the general fund. This balance represents resources on which the District may draw to meet its obligations and provide services to students and the community.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Nicholas Roberts, Treasurer, Logan Elm Local School District, 9579 Tarlton Road, Circleville, Ohio 43113-9448.

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

STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 8,796,727
Investments.	104,300
Receivables:	
Property taxes	6,974,194
Income taxes	868,164
Accounts	1,932
Accrued interest	5,122
Intergovernmental	513,660
Materials and supplies inventory.	28,623
Capital assets:	
Land.	209,732
Depreciable capital assets, net.	3,425,017
Capital assets, net.	3,634,749
Total assets.	20,927,471
Liabilities:	
Accounts payable.	58,374
Accrued wages and benefits payable.	1,665,993
Pension obligation payable.	363,082
Intergovernmental payable	79,464
Long-term liabilities:	
Due within one year.	65,445
Due in more than one year	1,188,400
Total liabilities	3,420,758
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	5,916,248
Total deferred inflows of resources.	5,916,248
Net position:	
Net investment in capital assets	3,634,749
Restricted for:	
Capital projects	87,879
Permanent fund:	
Expendable.	7,678
Nonexpendable.	104,300
Locally funded programs	256,955
State funded programs.	1,760
Federally funded programs	94,108
Student activities	107,072
Other purposes	4,738
Unrestricted	7,291,226
Total net position.	\$ 11,590,465

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 9,248,280	\$ 735,884	\$ 195,616	\$ -	\$ (8,316,780)
Special	2,173,174	40,756	1,380,676	-	(751,742)
Vocational	17,477	-	6,146	-	(11,331)
Other	68,511	-	70,882	-	2,371
Support services:					
Pupil.	907,310	9,022	41,835	-	(856,453)
Instructional staff	602,225	15,028	113,539	-	(473,658)
Board of education	86,307	-	-	-	(86,307)
Administration.	1,435,264	-	8,501	-	(1,426,763)
Fiscal.	410,927	-	1,207	-	(409,720)
Operations and maintenance	2,351,197	5,221	-	-	(2,345,976)
Pupil transportation.	1,703,921	3,135	71,554	-	(1,629,232)
Central	383,439	2,030	10,809	-	(370,600)
Food service operations	891,036	341,842	408,589	-	(140,605)
Extracurricular activities.	587,241	236,858	15,907	24,343	(310,133)
Total governmental activities	<u>\$ 20,866,309</u>	<u>\$ 1,389,776</u>	<u>\$ 2,325,261</u>	<u>\$ 24,343</u>	<u>(17,126,929)</u>
General revenues:					
Property taxes levied for:					
					6,673,594
					172,635
					2,246,861
					8,093,668
					2,680
					12,873
Total general revenues					<u>17,202,311</u>
Change in net position					75,382
Net position at beginning of year					<u>11,515,083</u>
Net position at end of year.					<u>\$ 11,590,465</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 6,839,436	\$ 1,957,291	\$ 8,796,727
Investments	-	104,300	104,300
Receivables:			
Property taxes	6,769,418	204,776	6,974,194
Income taxes	868,164	-	868,164
Accounts	1,932	-	1,932
Accrued interest	5,122	-	5,122
Interfund loans	50,000	-	50,000
Due from other funds	26,401	-	26,401
Intergovernmental	285,759	227,901	513,660
Materials and supplies inventory	-	28,623	28,623
Total assets	<u>\$ 14,846,232</u>	<u>\$ 2,522,891</u>	<u>\$ 17,369,123</u>
Liabilities:			
Accounts payable	\$ 37,932	\$ 20,442	\$ 58,374
Accrued wages and benefits payable	1,485,153	180,840	1,665,993
Interfund loans payable	-	50,000	50,000
Intergovernmental payable	74,204	5,260	79,464
Pension obligation payable	312,484	50,598	363,082
Due to other funds	-	26,401	26,401
Total liabilities	<u>1,909,773</u>	<u>333,541</u>	<u>2,243,314</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	5,737,763	178,485	5,916,248
Delinquent property tax revenue not available	352,430	9,772	362,202
Income tax revenue not available	151,647	-	151,647
Accrued interest not available	1,840	-	1,840
Intergovernmental revenue not available	133,865	165,174	299,039
Miscellaneous revenue not available	108,586	-	108,586
Total deferred inflows of resources	<u>6,486,131</u>	<u>353,431</u>	<u>6,839,562</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	-	28,623	28,623
Permanent fund - library	-	104,300	104,300
Restricted:			
Capital improvements	-	78,107	78,107
Non-public schools	-	1,681	1,681
Extracurricular activities	-	107,072	107,072
Permanent fund	-	7,678	7,678
Other purposes	-	262,822	262,822
Committed:			
Capital improvements	-	1,393,132	1,393,132
Assigned:			
Student instruction	7,783	-	7,783
Student and staff support	79,400	-	79,400
Subsequent year's appropriations	225,447	-	225,447
Employee benefits	1,252,642	-	1,252,642
Unassigned (deficit)	4,885,056	(147,496)	4,737,560
Total fund balances	<u>6,450,328</u>	<u>1,835,919</u>	<u>8,286,247</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 14,846,232</u>	<u>\$ 2,522,891</u>	<u>\$ 17,369,123</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013

Total governmental fund balances	\$	8,286,247
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,634,749
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.		
Property taxes receivable	\$	362,202
Income taxes receivable		151,647
Accrued interest receivable		1,840
Intergovernmental receivable		407,625
Total		<u>923,314</u>
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		<u>(1,253,845)</u>
Net position of governmental activities	\$	<u>11,590,465</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Property taxes	\$ 6,678,083	\$ 172,408	\$ 6,850,491
Income taxes	2,253,759	-	2,253,759
Tuition	659,609	-	659,609
Transportation fees	3,135	-	3,135
Earnings on investments	6,240	1,156	7,396
Charges for services	-	341,842	341,842
Extracurricular	118,662	216,011	334,673
Classroom materials and fees	45,296	-	45,296
Rental income	5,221	-	5,221
Contributions and donations	357	37,896	38,253
Other local revenues	12,873	7,585	20,458
Intergovernmental - state	8,600,377	197,286	8,797,663
Intergovernmental - federal	33,160	1,375,879	1,409,039
Total revenues	<u>18,416,772</u>	<u>2,350,063</u>	<u>20,766,835</u>
Expenditures:			
Current:			
Instruction:			
Regular	8,955,124	245,540	9,200,664
Special	1,502,921	680,218	2,183,139
Vocational	14,498	25	14,523
Other	3,461	65,050	68,511
Support services:			
Pupil	872,968	41,876	914,844
Instructional staff	478,324	120,884	599,208
Board of education	86,307	-	86,307
Administration	1,401,898	7,796	1,409,694
Fiscal	408,533	3,358	411,891
Operations and maintenance	1,755,476	151,005	1,906,481
Pupil transportation	1,512,205	20,146	1,532,351
Central	399,095	10,800	409,895
Food service operations	-	889,579	889,579
Extracurricular activities	308,573	248,227	556,800
Facilities acquisition and construction	-	426,980	426,980
Total expenditures	<u>17,699,383</u>	<u>2,911,484</u>	<u>20,610,867</u>
Net change in fund balances	717,389	(561,421)	155,968
Fund balances at beginning of year	<u>5,732,939</u>	<u>2,397,340</u>	<u>8,130,279</u>
Fund balances at end of year	<u>\$ 6,450,328</u>	<u>\$ 1,835,919</u>	<u>\$ 8,286,247</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds	\$	155,968
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 41,641	
Current year depreciation	(306,743)	
Total		(265,102)
 The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(3,316)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(4,262)	
Income taxes	(6,898)	
Earnings on investments	(3,560)	
Intergovernmental	224,032	
Total		209,312
 Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
		(21,480)
Change in net position of governmental activities	\$	75,382

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Property taxes	\$ 6,567,882	\$ 6,567,882	\$ 6,603,121	\$ 35,239
Income taxes	2,207,359	2,207,359	2,219,202	11,843
Tuition	656,089	656,089	659,609	3,520
Transportation fees.	4,021	4,021	4,043	22
Earnings on investments	22,221	22,221	22,340	119
Extracurricular.	35,684	35,684	35,875	191
Classroom materials and fees	45,054	45,054	45,296	242
Rental income	5,193	5,193	5,221	28
Other local revenues	16,314	16,314	16,402	88
Intergovernmental - state	8,554,481	8,554,481	8,600,377	45,896
Intergovernmental - federal	32,983	32,983	33,160	177
Total revenues.	<u>18,147,281</u>	<u>18,147,281</u>	<u>18,244,646</u>	<u>97,365</u>
Expenditures:				
Current:				
Instruction:				
Regular.	8,972,426	9,072,426	9,014,119	58,307
Special	1,539,692	1,539,692	1,514,682	25,010
Vocational	13,650	13,650	14,406	(756)
Other	21,310	21,310	4,161	17,149
Support services:				
Pupil	869,721	869,721	869,484	237
Instructional staff	578,023	578,023	508,079	69,944
Board of education	81,813	81,813	102,265	(20,452)
Administration	1,414,251	1,414,251	1,420,775	(6,524)
Fiscal	515,077	515,077	416,460	98,617
Operations and maintenance.	1,835,776	1,835,776	1,809,446	26,330
Pupil transportation	1,620,001	1,620,001	1,574,410	45,591
Central.	277,768	277,768	196,642	81,126
Extracurricular activities.	300,660	300,660	300,173	487
Total expenditures	<u>18,040,168</u>	<u>18,140,168</u>	<u>17,745,102</u>	<u>395,066</u>
Excess of revenues over expenditures	<u>107,113</u>	<u>7,113</u>	<u>499,544</u>	<u>492,431</u>
Other financing sources:				
Refund of prior year's expenditures	2,719	2,719	2,734	15
Total other financing sources.	<u>2,719</u>	<u>2,719</u>	<u>2,734</u>	<u>15</u>
Net change in fund balance.	109,832	9,832	502,278	492,446
Fund balance at beginning of year	5,182,631	5,182,631	5,182,631	-
Prior year encumbrances appropriated . . .	40,168	40,168	40,168	-
Fund balance at end of year	<u>\$ 5,332,631</u>	<u>\$ 5,232,631</u>	<u>\$ 5,725,077</u>	<u>\$ 492,446</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 46,936	\$ 52,776
Cash and investments in segregated accounts	-	5,530,989
Total assets.	46,936	\$ 5,583,765
Liabilities:		
Intergovernmental payable	-	\$ 4,725,989
Due to students	-	52,776
Claims payable	-	805,000
Total liabilities	-	\$ 5,583,765
Net position:		
Held in trust for scholarships	46,936	
Total net position.	\$ 46,936	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 80
Gifts and contributions	3,600
Total additions	3,680
 Deductions:	
Scholarships awarded	8,099
Change in net position	(4,419)
Net position at beginning of year	51,355
Net position at end of year	\$ 46,936

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District employs 12 administrators, 94 non-certified employees, and 131 certified employees to provide services to approximately 2,100 students and community groups. The District provides regular and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services. The District co-operates with the Pickaway County Educational Service Center, a separate entity, for curricular services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Education Council (MEC)

MEC is a not-for-profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The Governing Board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the Governing Board. MEC is its own fiscal agent. The District paid \$830 for the District's membership in MEC during fiscal year 2013.

South Central Ohio Computer Association (SCOCA)

The District is a participant in SCOCA which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Jackson, Vinton, Pickaway, Gallia, Ross, and Lawrence counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Governing Board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The District paid SCOCA \$103,271 for computer services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Central Ohio Special Education Regional Resource Center (COSERRC)

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

PUBLIC ENTITY RISK POOL

Pickaway County Public Employer Benefits Program (PCPEBP)

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

The District serves as fiscal agent for the PCPEBP. Financial assets and liabilities for fiscal year 2013 re reported in the basic financial statements as an agency fund. To obtain additional financial information, write Nicholas Roberts, Treasurer, Logan Elm Local School District, 9579 Tarlton Road, Circleville, Ohio 43113-9448.

INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

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

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The District has no proprietary funds.

GOVERNMENTAL FUNDS

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

The following is the District's major governmental fund:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

D. Basis of Accounting

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

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

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as a deferred inflow of resources. Income taxes, and grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

The District had no deferred outflows of resources at June 30, 2013.

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2013 is as follows.

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Pickaway County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the final budgeted amount in the budgetary statement reflect the amounts set forth in the final amended certificate issued for fiscal year 2013.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.)

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

5. Any revisions that alter the appropriations at the fund level of expenditures must be approved by the Board of Education.

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

F. Cash and Investments

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

During fiscal year 2013, investments consisted of federal agency securities, U.S. government money market funds, U.S. Treasury notes and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price at which the District's investment could be sold on June 30, 2013. The District also had deposited funds in the STAR Ohio Plus program. The STAR Ohio Plus program allows Ohio's political subdivisions to deposit monies in a network of FDIC-insured banks via a single account.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenues credited to the general fund during fiscal year 2013 amounted to \$6,240, which includes \$1,555 assigned from other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. An analysis of the District's investments at year end is provided in Note 4.

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

G. Inventory

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

Inventory consists of donated and purchased food and non-food supplies.

H. Capital Assets

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

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

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and cash deficits among the governmental activities are classified as “interfund loans receivable/payable” and “due to/from other funds”, respectively. These amounts are eliminated in the governmental activities column on the statement of net position.

J. Compensated Absences

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2013, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

L. Fund Balance

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

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

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

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

M. Budget Stabilization Arrangement

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2013, the balance in the budget stabilization reserve was \$170,623. This amount is included in unassigned fund balance of the general fund and in unrestricted net position on the statement of net position.

N. Estimates

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

O. Parochial Schools

The Crossroads Christian Academy (the Academy) operates within the District's boundaries. Current State legislation provides funding to the Academy; these monies are received and disbursed on behalf of the parochial school by the Treasurer of the District as is directed by the Academy. The fiduciary responsibility of the District for these monies is reflected in a special revenue fund for financial reporting purposes.

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

P. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Interfund Activity

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements”, GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”, GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements”, GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”, GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities”, and GASB Statement No. 66, “Technical Corrections - 2012”.

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 Financial Accounting Standards Board and American Institute of Certified Public Accountants pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources, and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 affected the District's financial statements to present certain items that were previously reported as liabilities as deferred inflows of resources.

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 101,168
Public school preschool	3,415
Title VI-B	6,974
Title I	4,972
Preschool grant for the handicapped	361
Improving teacher quality	1,983

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item 1 or 2 of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash and Investments in Segregated Accounts

The cash and investments in segregated accounts relates to the PCPEBP. The balance is covered by federal depository insurance, by collateral held by the PCPEBP, or by collateral held by a qualified third-party trustee in the name of the PCPEBP. The amount held in segregated accounts at June 30, 2013 was \$5,530,989.

B. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$5,596,738. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2013, \$2,508,857 of the District's bank balance of \$5,677,741 was exposed to custodial risk as discussed below, while \$3,168,884 was covered by the FDIC.

**LOGAN ELM LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2013, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FHLB	\$ 498,199	\$ -	\$ -	\$ -	\$ 244,750	\$ 253,449
FHLMC	732,617	250,324	151,135	-	-	331,158
FNMA	1,202,736	-	141,055	151,055	-	910,626
U.S. Treasury notes	626,346	150,217	476,129	-	-	-
U.S. government money market	6,534	6,534	-	-	-	-
STAR Ohio	337,569	337,569	-	-	-	-
Total	<u>\$ 3,404,001</u>	<u>\$ 744,644</u>	<u>\$ 768,319</u>	<u>\$ 151,055</u>	<u>\$ 244,750</u>	<u>\$ 1,495,233</u>

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

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities and U.S. Treasury bills are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 498,199	14.64
FHLMC	732,617	21.52
FNMA	1,202,736	35.33
U.S. Treasury notes	626,346	18.40
U.S. government money market	6,534	0.19
STAR Ohio	<u>337,569</u>	<u>9.92</u>
Total	<u>\$ 3,404,001</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,596,738
Investments	3,404,001
Cash and investments in segregated accounts	<u>5,530,989</u>
Total	<u>\$ 14,531,728</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 8,901,027
Private-purpose trust fund	46,936
Agency funds	<u>5,583,765</u>
Total	<u>\$ 14,531,728</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2013 as reported on the fund statements, consist of the following individual interfund loan receivable and payable:

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

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

Interfund balances between governmental funds are eliminated on the statement of net position.

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PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund balances at June 30, 2013, as reported on the fund statements include, the following amounts due to and due from other funds:

<u>Due to</u>	<u>Due from</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 26,401</u>

The purpose of amounts due to/from other funds is to cover negative cash balances in the nonmajor governmental funds. These interfund balances will be repaid once the anticipated revenues are received and are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the statement of net position.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Pickaway and Hocking Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$679,225 in the general fund and \$16,519 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$604,263 in the general fund and \$14,445 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to a deferred inflow of resources.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6 - PROPERTY TAXES - (Continued)

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

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$ 282,832,490	94.26	\$ 284,724,030	94.22
Public utility personal	<u>17,232,190</u>	<u>5.74</u>	<u>17,466,560</u>	<u>5.78</u>
Total	<u>\$ 300,064,680</u>	<u>100.00</u>	<u>\$ 302,190,590</u>	<u>100.00</u>
 Tax rate per \$1,000 of assessed valuation	 \$40.05		 \$40.05	

NOTE 7 - INCOME TAX

On November 2, 2010, District voters approved a replacement of the 1 percent income tax with a 1 percent income tax on earned income for five years. The District levies a voted tax of 1 percent for general operations on the income of residents and of estates. Employers of residents are required to withhold income tax on compensation and remit the tax to the state. Taxpayers are required to file an annual return. The state makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue credited to the general fund totaled \$2,253,759 in fiscal year 2013.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2013 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 6,974,194
Income taxes	868,164
Accounts	1,932
Accrued interest	5,122
Intergovernmental	<u>513,660</u>
Total	<u>\$ 8,363,072</u>

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Balance 6/30/12	Additions	Disposals	Balance 6/30/13
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 213,048	\$ -	\$ (3,316)	\$ 209,732
Total capital assets, not being depreciated	<u>213,048</u>	<u>-</u>	<u>(3,316)</u>	<u>209,732</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,315,404	-	-	1,315,404
Buildings and improvements	5,015,744	-	-	5,015,744
Furniture and equipment	2,415,577	41,641	-	2,457,218
Vehicles	2,645,377	-	-	2,645,377
Total capital assets, being depreciated	<u>11,392,102</u>	<u>41,641</u>	<u>-</u>	<u>11,433,743</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(976,666)	(43,064)	-	(1,019,730)
Buildings and improvements	(2,732,101)	(60,969)	-	(2,793,070)
Furniture and equipment	(2,229,894)	(45,376)	-	(2,275,270)
Vehicles	(1,763,322)	(157,334)	-	(1,920,656)
Total accumulated depreciation	<u>(7,701,983)</u>	<u>(306,743)</u>	<u>-</u>	<u>(8,008,726)</u>
Governmental activities capital assets, net	<u>\$ 3,903,167</u>	<u>\$ (265,102)</u>	<u>\$ (3,316)</u>	<u>\$ 3,634,749</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 47,353
Special	11,882
Vocational	2,954

Support services:

Pupil	803
Instructional staff	294
Administration	2,102
Fiscal	458
Operations and maintenance	10,066
Pupil transportation	162,105
Central	8,271
Extracurricular activities	54,388
Food service operations	6,067
Total depreciation expense	<u>\$ 306,743</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 10 - LONG-TERM OBLIGATIONS

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

	Balance 6/30/12	Additions	Reductions	Balance 6/30/13	Amounts Due in One Year
Governmental activities:					
Compensated absences	<u>\$ 1,241,819</u>	<u>\$ 144,547</u>	<u>\$ (132,521)</u>	<u>\$ 1,253,845</u>	<u>\$ 65,445</u>

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

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$27,197,153 and an unvoted debt margin of \$302,191.

NOTE 11 - COMPENSATED ABSENCES

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

NOTE 12 - RISK MANAGEMENT

A. General Risk

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2013, the District contracted with Ohio Casualty Insurance Company for liability, property, fleet, crime, and inland marine coverage. The District also purchases faithful performance bonds from Travelers Casualty and Surety Company of America. Coverage provided at June 30, 2013 is as follows:

Building and Contents (\$1,000 deductible)	\$42,093,720
Inland Marine (\$500 deductible)	100,000
Automobile Liability (\$500 deductible)	4,000,000

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 12 - RISK MANAGEMENT - (Continued)

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

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

B. Health Care and Dental Insurance Benefits

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

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

C. Life Insurance

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 12 - RISK MANAGEMENT - (Continued)

D. Workers' Compensation

The District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC) Workers' Compensation Group Rating Plan (GRP). The SOEPC contracts with Hunter Consulting to provide an insurance purchasing pool for workers compensation. The intent of the pool is to achieve the benefit of a reduced premium for the District by virtue of grouping and representation with other participants in the pool. The workers compensation experience of the participating school districts is calculated as on experience and a common premium rate is applied to all school districts in the pool. Each participant pays this rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the pool. A participant will then either receive money from or be required to contribute to the pool. This equity pooling arrangement insures that each participant shares equally in the overall performance of the pool. Participation in the pool is limited to school districts that can meet the pool's selection criteria. Hunter Consulting provides administrative cost control and actuarial services to the SOEPC. The District paid SOEPC \$1,500 in administrative fees during fiscal year 2013.

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$306,449, \$304,046, and \$309,829, respectively; 67.40 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 13 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$1,048,146, \$1,103,797, and \$1,211,139, respectively; 83.49 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$27,109 made by the District and \$19,364 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income, and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$39,441, \$52,614, and \$78,322, respectively; 67.40 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$17,311, \$17,955, and \$19,938, respectively; 67.40 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$80,627, \$84,907, and \$93,165, respectively; 83.49 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	General fund
Budget basis	\$ 502,278
Net adjustment for revenue accruals	88,982
Net adjustment for expenditure accruals	266,806
Net adjustment for other financing sources	(2,734)
Funds budgeted elsewhere	(193,966)
Adjustment for encumbrances	56,023
GAAP basis	\$ 717,389

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

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District at June 30, 2013.

B. Litigation

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

NOTE 17 - SET-ASIDES

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 17 - SET-ASIDES - (Continued)

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

	Capital Improvements
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	355,371
Current year qualifying expenditures	(140,333)
Current year offsets	(215,038)
Total	\$ -
Balance carried forward to fiscal year 2014	\$ -
Set-aside balance June 30, 2013	\$ -

NOTE 18 - COMMITMENTS

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

Fund	Year-End Encumbrances
General	\$ 45,228
Nonmajor governmental	37,408
Total	\$ 82,636

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**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster			
Non-Cash Assistance (Food Distribution):			
School Breakfast Program	10.553	\$ 8,033	\$ 8,033
National School Lunch Program	10.555	27,511	27,511
Cash Assistance:			
School Breakfast Program	10.553	86,508	86,508
National School Lunch Program	10.555	<u>296,755</u>	<u>296,755</u>
Total Nutrition Cluster		<u>418,807</u>	<u>418,807</u>
Total U.S. Department of Agriculture		<u>418,807</u>	<u>418,807</u>
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	422,877	407,554
Special Education Cluster:			
Special Education - Grants to States	84.027	451,110	433,717
Special Education - Preschool Grants	84.173	<u>11,857</u>	<u>11,250</u>
Total Special Education Cluster		<u>462,967</u>	<u>444,967</u>
Title II-A - Improving Teacher Quality	84.367	114,089	108,979
ARRA - Race to the Top Incentive Grants	84.395	<u>1,050</u>	<u>-</u>
Total U.S. Department of Education		<u>1,000,983</u>	<u>961,500</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY <i>Passed Through Ohio Environmental Protection Agency</i>			
Clean Diesel Grant	66.040	<u>20,146</u>	<u>20,146</u>
Total U.S. Environmental Protection Agency		<u>20,146</u>	<u>20,146</u>
Total		<u>\$ 1,021,129</u>	<u>\$ 981,646</u>

The accompanying notes are an integral part of this schedule.

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Logan Elm Local School District, Pickaway County, Ohio, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 21, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 21, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Logan Elm Local School District's (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Logan Elm Local School District's major federal program for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Logan Elm Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 21, 2014

**LOGAN ELM LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	84.027/84.173: Title VI-B Special Education Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Logan Elm Local School District (the District) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on June 11, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act."

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State
Columbus, Ohio

March 21, 2014

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Dave Yost • Auditor of State

LOGAN ELM LOCAL SCHOOL DISTRICT

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 8, 2014**