



Dave Yost • Auditor of State



**LOGAN ELM LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

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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, each major fund, and the aggregate remaining fund information of Logan Elm Local School District, Pickaway County, Ohio (the District), as of and for the year ended June 30, 2015, 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, each major fund, and the aggregate remaining fund information of Logan Elm Local School District, Pickaway County, Ohio, as of June 30, 2015, 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.

### **Emphasis of Matter**

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

### **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* and *schedules of net pension liabilities and pension contributions* 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 and Other Information*

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

The Schedule of Federal Award 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 also 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 the 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, the 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 February 19, 2016, 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

February 19, 2016

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(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, 2015. 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 2015 are as follows:

- In total, net position of governmental activities increased \$1,319,665, which represents a 9.61% increase from 2014 as restated in Note 3.C.
- General revenues accounted for \$18,181,843 in revenue or 82.85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,763,327 or 17.15% of total revenues of \$21,945,170.
- The District had \$20,625,505 in expenses related to governmental activities; only \$3,763,327 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 18,181,843 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$19,948,044 in revenues and \$19,160,431 in expenditures and other financing uses. During fiscal year 2015, the general fund's fund balance increased \$787,613 from a balance of \$8,296,906 to \$9,084,519.

**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 2015?" 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, 2015  
(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 12. 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 24 through 59 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 60 through 66 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**The District as a Whole**

The table below provides a summary of the District's net position for 2015 and 2014 has been restated as described in Note 3.C.

	<b>Net Position</b>	
	Governmental Activities 2015	Restated Governmental Activities 2014
<b><u>Assets</u></b>		
Current and other assets	\$ 19,834,660	\$ 18,489,111
Capital assets, net	<u>3,382,181</u>	<u>3,529,184</u>
Total assets	<u>23,216,841</u>	<u>22,018,295</u>
<b><u>Deferred Outflows of Resources</u></b>		
Pension	<u>1,684,652</u>	<u>1,394,837</u>
Total deferred outflows of resources	<u>1,684,652</u>	<u>1,394,837</u>
<b><u>Liabilities</u></b>		
Current liabilities	2,313,180	2,155,968
Long-term liabilities:		
Due within one year	148,567	164,336
Due in more than one year:		
Net pension liability	23,518,966	27,944,025
Other amounts	<u>1,118,646</u>	<u>1,153,820</u>
Total liabilities	<u>27,099,359</u>	<u>31,418,149</u>
<b><u>Deferred Inflows of Resources</u></b>		
Property taxes levied for the next fiscal year	5,964,218	5,727,351
Pensions	<u>4,250,619</u>	<u>-</u>
Total deferred inflows of resources	<u>10,214,837</u>	<u>5,727,351</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	3,382,181	3,529,184
Restricted	563,869	484,291
Unrestricted	<u>(16,358,753)</u>	<u>(17,745,843)</u>
Total net position	<u>\$ (12,412,703)</u>	<u>\$ (13,732,368)</u>

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation along with an adjustment to capital assets, had the effect of restating net position at June 30, 2014, from 12,655,077 to (\$13,732,368).

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$12,412,703.

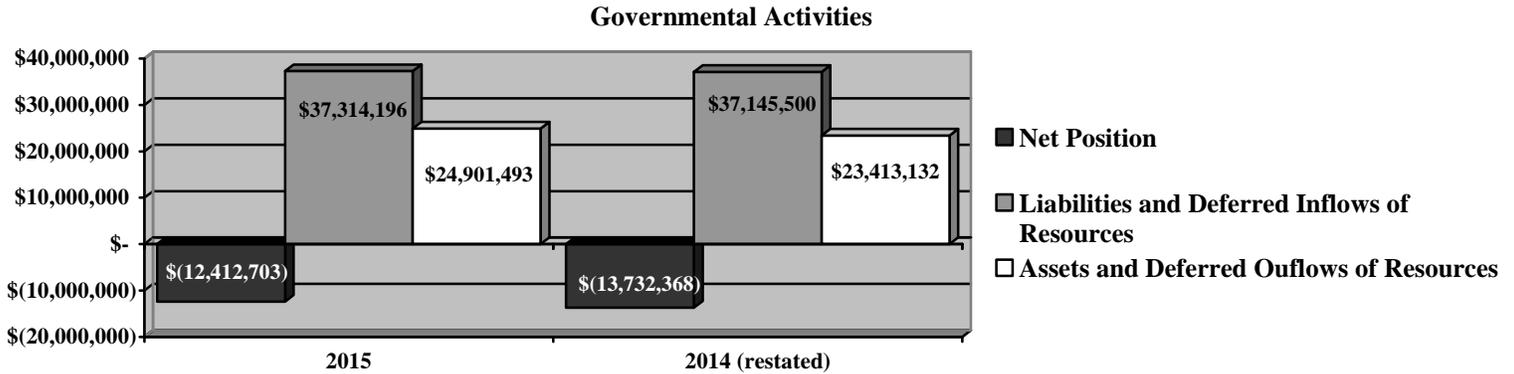
**LOGAN ELM LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

At year-end, capital assets represented 14.57% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Capital assets at June 30, 2015, were \$3,382,181. 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, 2015, \$563,869, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (\$16,358,753).

The graph below illustrates the governmental activities' assets and deferred inflow of resources, liabilities and deferred inflows of resources, and net position as of June 30, 2015 and June 30, 2014. The amounts at June 30, 2014 have been restated as described in Note 3.C.



**Governmental Activities**

Net position of the District's governmental activities increased \$1,319,665. Total governmental expenses of \$20,625,505 were offset by program revenues of \$3,763,327 and general revenues of \$18,181,843. Program revenues supported 18.25% of the total governmental expenses.

Total property tax revenues increased \$242,666, or 3.53%, due to fluctuations in advances available to finance each fiscal year. The total amount available for advance was \$868,568, \$779,422, and \$695,744 at June 30, 2015, 2014, and 2013, respectively.

Operating grants and contributions decreased slightly during 2015 as a result of decreases in state and federal grant funding.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes, and unrestricted grants and entitlements. These revenue sources represent 82.50% of total governmental revenue. The largest expense of the District is for instructional programs. Instruction expenses totaled \$12,513,887 or 60.67% of total governmental expenses for fiscal year 2015.

The table below shows the change in net position for fiscal year 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.C.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

	<b>Change in Net Position</b>	
	Governmental Activities 2015	Restated Governmental Activities 2014
	<u>2015</u>	<u>2014</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,415,024	\$ 1,439,482
Operating grants and contributions	2,323,303	2,124,376
Capital grants and contributions	25,000	33,000
General revenues:		
Property taxes	7,112,187	6,869,521
Income taxes	2,360,021	2,332,734
Grants and entitlements	8,631,801	8,561,983
Investment earnings	40,493	44,744
Other	<u>37,341</u>	<u>26,248</u>
Total revenues	<u>\$ 21,945,170</u>	<u>\$ 21,432,088</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	9,466,595	9,138,851
Special	2,883,591	2,831,343
Vocational	18,270	17,482
Other	145,431	7,600
Support services:		
Pupil	941,049	753,728
Instructional staff	229,721	171,881
Board of education	117,200	99,671
Administration	1,390,413	1,398,849
Fiscal	481,217	453,778
Operations and maintenance	1,872,328	2,081,655
Pupil transportation	1,655,992	1,731,881
Central	113,405	367,463
Food service operations	758,801	761,859
Other non-instructional services	3,915	3,990
Extracurricular activities	<u>547,577</u>	<u>547,445</u>
Total expenses	<u>20,625,505</u>	<u>20,367,476</u>
Change in net position	1,319,665	1,064,612
Net position at beginning of year (restated)	<u>(13,732,368)</u>	<u>N/A</u>
Net position at end of year	<u>\$ (12,412,703)</u>	<u>\$ (13,732,368)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

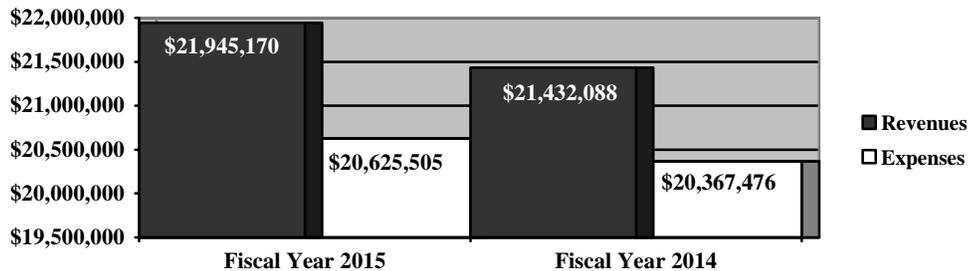
The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$1,394,837 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$998,916.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 20,625,505
Pension expense under GASB 68	(998,916)
2015 contractually required contributions	<u>1,463,171</u>
Adjusted 2015 program expenses	21,089,760
Total 2014 program expenses under GASB 27	<u>20,367,476</u>
Increase (decrease) in program expenses not related to pension	<u>\$ 722,284</u>

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2015 and 2014.

**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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

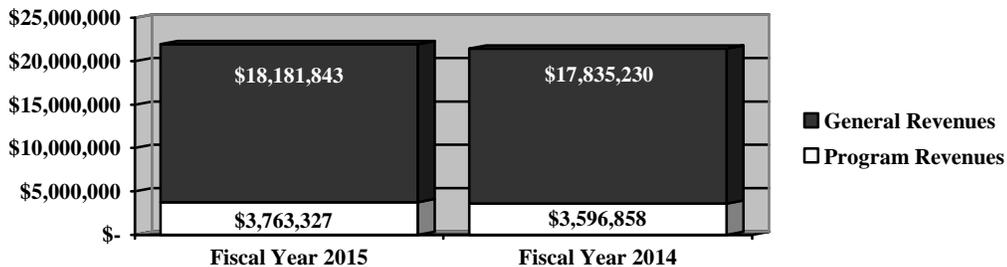
**Governmental Activities**

	Total Cost of Services 2015	Net Cost of Services 2015	Total Cost of Services 2014	Net Cost of Services 2014
<b>Program expenses</b>				
Instruction:				
Regular	\$ 9,466,595	\$ 8,426,170	\$ 9,138,851	\$ 8,096,339
Special	2,883,591	1,244,717	2,831,343	1,388,637
Vocational	18,270	14,265	17,482	16,112
Other	145,431	145,431	7,600	5,922
Support services:				
Pupil	941,049	923,268	753,728	744,527
Instructional staff	229,721	215,373	171,881	153,295
Board of education	117,200	117,200	99,671	99,671
Administration	1,390,413	1,382,642	1,398,849	1,383,481
Fiscal	481,217	479,021	453,778	453,778
Operations and maintenance	1,872,328	1,869,721	2,081,655	2,078,998
Pupil transportation	1,655,992	1,601,347	1,731,881	1,681,953
Central	113,405	96,055	367,463	347,285
Food service operations	758,801	48,261	761,859	25,687
Other non-instructional services	3,915	3,915	3,990	3,990
Extracurricular activities	<u>547,577</u>	<u>294,792</u>	<u>547,445</u>	<u>290,943</u>
<b>Total expenses</b>	<u>\$ 20,625,505</u>	<u>\$ 16,862,178</u>	<u>\$ 20,367,476</u>	<u>\$ 16,770,618</u>

The dependence upon tax and other general revenues for governmental activities is apparent; 78.56% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.75%. The District's taxpayers and unrestricted grants and entitlements, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2015 and 2014.

**Governmental Activities - General and Program Revenues**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**The District's Funds**

The District's governmental funds, as presented on page 17, reported a combined fund balance of \$10,960,555, which is higher than last year's total of \$9,849,584. The schedule below indicates the fund balance at June 30, 2015 and June 30, 2014 and the net change in fund balance during fiscal year 2015.

<u>Funds</u>	<u>Fund Balance June 30, 2015</u>	<u>Fund Balance June 30, 2014</u>	<u>Increase</u>
General	\$ 9,084,519	\$ 8,296,906	\$ 787,613
Nonmajor governmental	1,876,036	1,552,678	323,358
Total	<u>\$ 10,960,555</u>	<u>\$ 9,849,584</u>	<u>\$ 1,110,971</u>

**General Fund**

The following table summarizes changes in general fund financial activity during 2015 and 2014.

	<u>2015 Amount</u>	<u>2014 Amount</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 9,517,811	\$ 9,276,659	\$ 241,152	2.60 %
Tuition	755,347	786,132	(30,785)	(3.92) %
Earnings on investments	39,251	44,344	(5,093)	(11.49) %
Intergovernmental	9,429,452	9,137,985	291,467	3.19 %
Other revenues	<u>206,183</u>	<u>199,019</u>	<u>7,164</u>	3.60 %
Total	<u>\$ 19,948,044</u>	<u>\$ 19,444,139</u>	<u>\$ 503,905</u>	2.59 %
<b><u>Expenditures</u></b>				
Instruction	\$ 11,643,816	\$ 10,720,798	923,018	8.61 %
Support services	6,569,402	6,566,740	2,662	0.04 %
Other operation of non-instructional	3,915	3,990	(75)	(1.88) %
Extracurricular activities	<u>316,653</u>	<u>306,033</u>	<u>10,620</u>	3.47 %
Total	<u>\$ 18,533,786</u>	<u>\$ 17,597,561</u>	<u>\$ 936,225</u>	5.32 %

The District's general fund balance increased \$787,613 during fiscal year 2015.

Tax revenues in the general fund increased \$241,152, or 2.60%, due to fluctuations in advances available to finance each fiscal year. The amount available as advance can fluctuate based on the timing of tax collections and the date at which tax bills are sent. Intergovernmental revenues increased \$291,467 or 3.19% due an increase in basic foundation revenues. Other revenues increased \$7,164 during fiscal year 2015.

Student instruction is the largest component of general fund expenditures, accounting for 62.83% of expenditures incurred during fiscal year 2015. These expenditures increased \$923,018 or 8.61% from fiscal year 2014.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

***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 \$19,335,261, which matched exactly to the District's original budget. Actual revenues and other financing sources were \$19,784,548, which represented an increase of 2.32% over the District's final budget.

General fund original appropriations of \$19,364,636 were increased by \$626,793 to \$19,991,429 in the final budget. The actual budget-basis expenditures for fiscal year 2015 totaled \$19,306,030, or \$685,399 less than the final budget's appropriated expenditures.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2015, the District had \$3,382,181 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported among the District's governmental activities.

The table below shows the balances of the District's capital assets at June 30, 2015 and June 30, 2014.

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

	Governmental Activities	
	June 30, 2015	Restated June 30, 2014
Land	\$ 210,029	\$ 210,029
Land improvements	260,979	314,829
Building and improvements	2,117,403	2,180,113
Furniture and equipment	180,005	236,338
Vehicles	613,765	587,875
Total	\$ 3,382,181	\$ 3,529,184

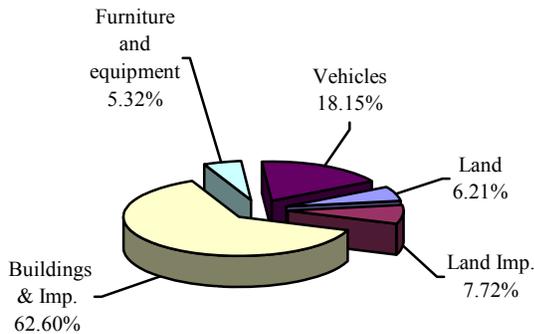
The overall decrease in capital assets of \$147,003 is due to depreciation expense of \$322,160 and disposals net of \$1,392 exceeding capital outlays of \$176,549.

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

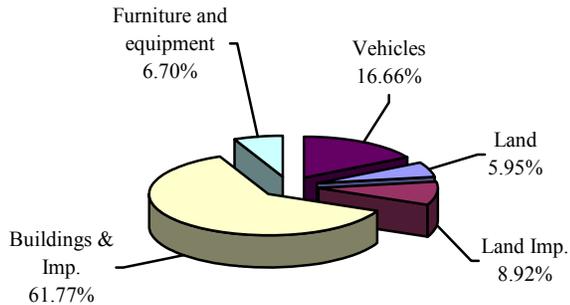
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

The graphs below present the District's capital assets for fiscal years 2015 and 2014.

**Capital Assets - Governmental Activities  
2015**



**Capital Assets - Governmental Activities  
2014**



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

***Debt Administration***

At June 30, 2015, the District had no debt obligations outstanding.

**Current Financial Related Activities**

The District ended fiscal year 2015 with an unencumbered budgetary-basis balance of \$7,683,996 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. Trey Fausnaugh, Treasurer, Logan Elm Local School District, 9579 Tarlton Road, Circleville, Ohio 43113-9448.

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

STATEMENT OF NET POSITION  
JUNE 30, 2015

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments. . . . .	\$ 11,451,432
Investments. . . . .	104,300
Receivables:	
Property taxes . . . . .	7,006,378
Income taxes. . . . .	858,340
Accounts. . . . .	687
Accrued interest . . . . .	5,637
Intergovernmental . . . . .	385,448
Materials and supplies inventory. . . . .	2,710
Inventory held for resale. . . . .	19,728
Capital assets:	
Nondepreciable capital assets . . . . .	210,029
Depreciable capital assets, net. . . . .	3,172,152
Capital assets, net . . . . .	3,382,181
Total assets. . . . .	23,216,841
 <b>Deferred outflows of resources:</b>	
Pension - STRS . . . . .	1,340,239
Pension - SERS . . . . .	344,413
Total deferred outflows of resources . . . . .	1,684,652
 <b>Liabilities:</b>	
Accounts payable. . . . .	157,127
Accrued wages and benefits payable . . . . .	1,714,323
Intergovernmental payable . . . . .	141,368
Pension and postemployment benefits payable. . . . .	300,362
Long-term liabilities:	
Due within one year. . . . .	148,567
Due in more than one year:	
Net pension liability (See Note 13) . . . . .	23,518,966
Other amounts due in more than one year . . . . .	1,118,646
Total liabilities . . . . .	27,099,359
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	5,964,218
Pension - STRS. . . . .	3,532,234
Pension - SERS. . . . .	718,385
Total deferred inflows of resources . . . . .	10,214,837
 <b>Net position:</b>	
Net investment in capital assets . . . . .	3,382,181
Restricted for:	
Permanent fund - expendable . . . . .	9,009
Permanent fund - nonexpendable . . . . .	104,300
Locally funded programs . . . . .	232,744
State funded programs. . . . .	2,536
Federally funded programs . . . . .	111,318
Student activities . . . . .	103,962
Unrestricted (deficit) . . . . .	(16,358,753)
Total net position (deficit) . . . . .	\$ (12,412,703)

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, 2015

	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	
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 9,466,595	\$ 825,966	\$ 214,459	\$ -	\$ (8,426,170)
Special . . . . .	2,883,591	34,739	1,604,135	-	(1,244,717)
Vocational . . . . .	18,270	-	4,005	-	(14,265)
Other . . . . .	145,431	-	-	-	(145,431)
Support services:					
Pupil . . . . .	941,049	16,505	1,276	-	(923,268)
Instructional staff . . . . .	229,721	13,153	1,195	-	(215,373)
Board of education . . . . .	117,200	-	-	-	(117,200)
Administration . . . . .	1,390,413	-	7,771	-	(1,382,642)
Fiscal . . . . .	481,217	-	2,196	-	(479,021)
Operations and maintenance . . . . .	1,872,328	2,607	-	-	(1,869,721)
Pupil transportation . . . . .	1,655,992	1,612	53,033	-	(1,601,347)
Central . . . . .	113,405	6,523	10,827	-	(96,055)
Operation of non-instructional services:					
Food service operations . . . . .	758,801	300,795	409,745	-	(48,261)
Other non-instructional services . . . . .	3,915	-	-	-	(3,915)
Extracurricular activities . . . . .	547,577	213,124	14,661	25,000	(294,792)
<b>Total governmental activities . . . . .</b>	<b>\$ 20,625,505</b>	<b>\$ 1,415,024</b>	<b>\$ 2,323,303</b>	<b>\$ 25,000</b>	<b>(16,862,178)</b>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes . . . . .					7,112,187
Income taxes levied for:					
General purposes . . . . .					2,360,021
Grants and entitlements not restricted					
to specific programs . . . . .					8,631,801
Investment earnings . . . . .					40,493
Miscellaneous . . . . .					37,341
<b>Total general revenues . . . . .</b>					<b>18,181,843</b>
Change in net position . . . . .					1,319,665
<b>Net position (deficit) at beginning of year (restated) . . . . .</b>					<b>(13,732,368)</b>
<b>Net position (deficit) at end of year . . . . .</b>					<b>\$ (12,412,703)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in pooled cash and investments. . . . .	\$ 9,546,872	\$ 1,904,560	\$ 11,451,432
Investments. . . . .	-	104,300	104,300
Receivables:			
Property taxes. . . . .	7,006,378	-	7,006,378
Income taxes. . . . .	858,340	-	858,340
Accounts. . . . .	687	-	687
Accrued interest. . . . .	5,637	-	5,637
Interfund loans. . . . .	1,822	-	1,822
Intergovernmental. . . . .	259,373	126,075	385,448
Loans. . . . .	50,000	-	50,000
Materials and supplies inventory. . . . .	-	2,710	2,710
Inventory held for resale. . . . .	-	19,728	19,728
Total assets. . . . .	<u>\$ 17,729,109</u>	<u>\$ 2,157,373</u>	<u>\$ 19,886,482</u>
<b>Liabilities:</b>			
Accounts payable. . . . .	\$ 148,200	\$ 8,927	\$ 157,127
Accrued wages and benefits payable. . . . .	1,535,320	179,003	1,714,323
Compensated absences payable. . . . .	14,915	-	14,915
Intergovernmental payable. . . . .	135,233	6,135	141,368
Pension and postemployment benefits payable. . . . .	268,594	31,768	300,362
Interfund loans payable. . . . .	-	1,822	1,822
Loans. . . . .	-	50,000	50,000
Total liabilities. . . . .	<u>2,102,262</u>	<u>277,655</u>	<u>2,379,917</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	5,964,218	-	5,964,218
Delinquent property tax revenue not available. . . . .	173,592	-	173,592
Income tax revenue not available. . . . .	165,691	-	165,691
Intergovernmental revenue not available. . . . .	95,229	3,682	98,911
Accrued interest not available. . . . .	3,482	-	3,482
Miscellaneous revenue not available. . . . .	140,116	-	140,116
Total deferred inflows of resources. . . . .	<u>6,542,328</u>	<u>3,682</u>	<u>6,546,010</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory. . . . .	-	2,710	2,710
Permanent fund - library. . . . .	-	104,300	104,300
Restricted:			
Non-public schools. . . . .	-	382	382
Other purposes. . . . .	-	232,823	232,823
Extracurricular activities. . . . .	-	103,962	103,962
Permanent fund. . . . .	-	9,009	9,009
Committed:			
Capital improvements. . . . .	-	1,520,057	1,520,057
Assigned:			
Student instruction. . . . .	85,138	-	85,138
Student and staff support. . . . .	200,744	-	200,744
Employee benefits. . . . .	1,900,190	-	1,900,190
Other purposes. . . . .	-	2,407	2,407
Unassigned (deficit). . . . .	6,898,447	(99,614)	6,798,833
Total fund balances. . . . .	<u>9,084,519</u>	<u>1,876,036</u>	<u>10,960,555</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 17,729,109</u>	<u>\$ 2,157,373</u>	<u>\$ 19,886,482</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, 2015

<b>Total governmental fund balances</b>		\$	10,960,555
<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.			3,382,181
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	173,592	
Income taxes receivable		165,691	
Accrued interest receivable		3,482	
Intergovernmental receivable		98,911	
Accounts receivable		140,116	
Total		581,792	581,792
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		1,684,652	
Deferred inflows of resources - pension		(4,250,619)	
Net pension liability		(23,518,966)	
Total		(26,084,933)	(26,084,933)
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.			(1,252,298)
<b>Net position of governmental activities</b>		\$	(12,412,703)

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, 2015

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 7,167,516	\$ -	\$ 7,167,516
Income taxes . . . . .	2,350,295	-	2,350,295
Tuition . . . . .	755,347	-	755,347
Transportation fees . . . . .	1,612	-	1,612
Earnings on investments . . . . .	39,251	729	39,980
Charges for services . . . . .	-	300,795	300,795
Extracurricular . . . . .	119,803	190,390	310,193
Classroom materials and fees . . . . .	44,470	-	44,470
Rental income . . . . .	2,607	-	2,607
Contributions and donations . . . . .	350	28,500	28,850
Other local revenues . . . . .	37,341	14,649	51,990
Intergovernmental - state . . . . .	9,315,604	157,024	9,472,628
Intergovernmental - federal . . . . .	113,848	1,495,423	1,609,271
Total revenues . . . . .	<u>19,948,044</u>	<u>2,187,510</u>	<u>22,135,554</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular . . . . .	9,461,857	231,342	9,693,199
Special . . . . .	2,001,257	955,775	2,957,032
Vocational . . . . .	14,671	-	14,671
Other . . . . .	166,031	-	166,031
Support services:			
Pupil . . . . .	972,632	776	973,408
Instructional staff . . . . .	222,808	18,522	241,330
Board of education . . . . .	117,250	-	117,250
Administration . . . . .	1,432,810	9,149	1,441,959
Fiscal . . . . .	481,434	2,585	484,019
Operations and maintenance . . . . .	1,696,007	22,417	1,718,424
Pupil transportation . . . . .	1,527,543	162,590	1,690,133
Central . . . . .	118,918	10,600	129,518
Operation of non-instructional services:			
Food service operations . . . . .	-	753,035	753,035
Other operation of non-instructional . . . . .	3,915	-	3,915
Extracurricular activities . . . . .	316,653	190,402	507,055
Facilities acquisition and construction . . . . .	-	133,604	133,604
Total expenditures . . . . .	<u>18,533,786</u>	<u>2,490,797</u>	<u>21,024,583</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>1,414,258</u>	<u>(303,287)</u>	<u>1,110,971</u>
<b>Other financing sources (uses):</b>			
Transfers in . . . . .	-	626,645	626,645
Transfers (out) . . . . .	(626,645)	-	(626,645)
Total other financing sources (uses) . . . . .	<u>(626,645)</u>	<u>626,645</u>	<u>-</u>
Net change in fund balances . . . . .	787,613	323,358	1,110,971
<b>Fund balances at beginning of year . . . . .</b>	<u>8,296,906</u>	<u>1,552,678</u>	<u>9,849,584</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 9,084,519</u>	<u>\$ 1,876,036</u>	<u>\$ 10,960,555</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, 2015

<b>Net change in fund balances - total governmental funds</b>	\$	1,110,971
<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	\$ 176,549	
Current year depreciation	(322,160)	
Total		(145,611)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(1,392)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(55,329)	
Income taxes	9,726	
Earnings on investments	1,242	
Intergovernmental	(270,171)	
Miscellaneous	140,116	
Total		(174,416)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		1,463,171
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(998,916)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		65,858
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>1,319,665</b>

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, 2015

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 6,864,967	\$ 6,864,967	\$ 7,078,371	\$ 213,404
Income taxes. . . . .	2,348,607	2,348,607	2,365,656	17,049
Tuition. . . . .	700,000	700,000	755,347	55,347
Transportation fees. . . . .	-	-	1,612	1,612
Earnings on investments . . . . .	25,000	25,000	32,746	7,746
Extracurricular. . . . .	-	-	35,887	35,887
Classroom materials and fees . . . . .	-	-	44,470	44,470
Rental income . . . . .	-	-	2,607	2,607
Other local revenues . . . . .	95,945	95,945	37,340	(58,605)
Intergovernmental - state . . . . .	9,300,742	9,300,742	9,316,664	15,922
Intergovernmental - federal . . . . .	-	-	113,848	113,848
Total revenues . . . . .	<u>19,335,261</u>	<u>19,335,261</u>	<u>19,784,548</u>	<u>449,287</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	16,390,788	16,402,973	9,470,778	6,932,195
Special. . . . .	163,551	163,027	1,981,358	(1,818,331)
Vocational. . . . .	-	-	14,665	(14,665)
Other. . . . .	-	-	140,783	(140,783)
Support services:				
Pupil. . . . .	495,723	494,134	932,694	(438,560)
Instructional staff . . . . .	34,819	34,707	225,326	(190,619)
Board of education . . . . .	117,406	117,029	162,513	(45,484)
Administration. . . . .	147,633	147,159	1,436,193	(1,289,034)
Fiscal . . . . .	313,115	312,111	485,370	(173,259)
Operations and maintenance. . . . .	893,150	890,287	1,670,605	(780,318)
Pupil transportation . . . . .	611,668	609,708	1,582,693	(972,985)
Central. . . . .	163,259	162,736	249,552	(86,816)
Other operation of non-instructional services . . . . .	8,550	8,523	3,915	4,608
Extracurricular activities. . . . .	-	-	321,118	(321,118)
Facilities acquisition and construction . . . . .	24,974	24,894	-	24,894
Total expenditures . . . . .	<u>19,364,636</u>	<u>19,367,288</u>	<u>18,677,563</u>	<u>689,725</u>
Excess (deficiency) of revenues over (under) expenditures. . . . .	<u>(29,375)</u>	<u>(32,027)</u>	<u>1,106,985</u>	<u>1,139,012</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	-	8,856	8,856
Transfers (out). . . . .	-	(624,141)	(626,645)	(2,504)
Advances (out) . . . . .	-	-	(1,822)	(1,822)
Total other financing sources (uses) . . . . .	<u>-</u>	<u>(624,141)</u>	<u>(619,611)</u>	<u>4,530</u>
Net change in fund balance . . . . .	(29,375)	(656,168)	487,374	1,143,542
<b>Fund balance at beginning of year . . . . .</b>	<b>6,975,047</b>	<b>6,975,047</b>	<b>6,975,047</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>221,575</b>	<b>221,575</b>	<b>221,575</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 7,167,247</u></b>	<b><u>\$ 6,540,454</u></b>	<b><u>\$ 7,683,996</u></b>	<b><u>\$ 1,143,542</u></b>

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, 2015

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and investments . . . .	\$ 35,516	\$ 52,402
Cash with fiscal agent . . . . .	-	4,415,552
Total assets. . . . .	35,516	\$ 4,467,954
<b>Liabilities:</b>		
Intergovernmental payable . . . . .	-	\$ 3,715,552
Due to students. . . . .	-	52,402
Claims payable . . . . .	-	700,000
Total liabilities . . . . .	-	\$ 4,467,954
<b>Net position:</b>		
Held in trust for scholarships . . . . .	35,516	
Total net position. . . . .	\$ 35,516	

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, 2015

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 872
Gifts and contributions . . . . .	2,565
Total additions . . . . .	3,437
 <b>Deductions:</b>	
Scholarships awarded . . . . .	7,592
Change in net position . . . . .	(4,155)
<b>Net position at beginning of year . . . . .</b>	<b>39,671</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 35,516</b>

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, 2015

**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 13 administrators, 84 non-certified employees, and 130 certified employees to provide services to approximately 1,856 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, 2015

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Metropolitan Educational Technology Association (META)

The Metropolitan Educational Technology Association (META), formerly the Metropolitan Educational Council (MEC), is a jointly governed organization. The organization is composed of over one hundred members including school districts, joint vocational schools, educational service centers, and libraries covering 57 counties in Ohio. The META helps its members purchase services, insurances, supplies, and other items at a discounted rate. META also provides a variety of services through its data processing center to numerous member districts ("C" sites) around the State of Ohio, with the major emphasis being placed on fiscal services. MEC also provides services to the District including pupil scheduling attendance reporting, and grade reporting. The governing board of META is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. META is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for META. Financial statements for META can be obtained at 2100 City Gate Drive, Columbus, Ohio 43219. The amount paid to META during the fiscal year was \$806.

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 \$133,832 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

*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.

The District serves as fiscal agent for the PCPEBP. Financial assets and liabilities for fiscal year 2015 were reported in the basic financial statements as an agency fund. To obtain additional financial information, write Trey Fausnaugh, 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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.

*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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, 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.

**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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

*Deferred Outflows of Resources and Deferred Inflows of Resources* - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

*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 2015 is as follows.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

2. By no later than January 20, the Board-adopted budget is filed with the Pickaway County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the final budgeted amount in the budgetary statement reflect the amounts set forth in the final amended certificate issued for fiscal year 2015.
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.
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. 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

During fiscal year 2015, 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 2015. 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, 2015. 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 2015 amounted to \$39,251, which includes \$6,113 assigned from other District funds.

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

**G. Inventory**

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

Inventory consists of donated 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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.

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, 2015, 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, 2015 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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**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.

*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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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, 2015, 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.

**P. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "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 amount restricted for other purposes represents amounts restricted for special trust fund.

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

**Q. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**LOGAN ELM LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**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 2015.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2015, the District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District's pension plan disclosures, as presented in Note 13 to the financial statements, and added required supplementary information which is presented on pages 60 - 66.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated as detailed in Note 3.C.

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

**LOGAN ELM LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2015 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 38,644
Public school preschool	591
Preschool grant for the handicapped	408
Miscellaneous federal grants	1,864
Title VI-B	3,214
Title I	3,022
Improving teacher quality	625
Permanent improvement	48,536

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

**C. Restatement of Net Position**

A net position restatement is required in order to implement GASB Statement No 68 and 71. The governmental activities at July 1, 2014 have been restated. In addition, the net position at July 1, 2014 has been restated to account for errors and omissions in capital assets as previous reported. This restatement had the following effect on net position:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 12,655,077
Deferred outflows - payments subsequent to measurement date	1,394,837
Net pension liability	(27,944,025)
Capital assets	<u>161,743</u>
Restated net position at July 1, 2014	<u><u>\$ (13,732,368)</u></u>

**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.

**LOGAN ELM LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)**

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

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

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

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

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.

**LOGAN ELM LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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, 2015 was \$4,415,552.

**B. Deposits with Financial Institutions**

At June 30, 2015, the carrying amount of all District deposits was \$7,981,697. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of June 30, 2015, \$4,823,997 of the District's bank balance of \$8,001,651 was exposed to custodial risk as discussed below, while \$3,177,654 was covered by the FDIC.

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

**LOGAN ELM LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of June 30, 2015, 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
STAR Ohio	\$ 546,392	\$ 546,392	\$ -	\$ -	\$ -	\$ -
FHLB	703,123	-	139,945	-	150,165	413,013
FFCB	155,001	155,001	-	-	-	-
FHLMC	584,520	-	-	333,931	-	250,589
FNMA	1,538,688	100,001	150,208	149,963	299,945	838,571
U.S. Treasury notes	130,061	130,061	-	-	-	-
U.S. Government money market	4,168	4,168	-	-	-	-
<b>Total</b>	<b>\$ 3,661,953</b>	<b>\$ 935,623</b>	<b>\$ 290,153</b>	<b>\$ 483,894</b>	<b>\$ 450,110</b>	<b>\$ 1,502,173</b>

The weighted average maturity of investments is 1.71 years.

*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, 2015

**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, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 546,392	14.92
FHLB	703,123	19.20
FFCB	155,001	4.23
FHLMC	584,520	15.96
FNMA	1,538,688	42.03
U.S. Treasury notes	130,061	3.55
U.S. Government money market	<u>4,168</u>	<u>0.11</u>
Total	<u>\$ 3,661,953</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, 2015:

<u>Cash and investments per note</u>		
Carrying amount of deposits	\$ 7,981,697	
Investments	3,661,953	
Cash and investments in segregated accounts	<u>4,415,552</u>	
Total	<u>\$ 16,059,202</u>	
<u>Cash and investments per statement of net position</u>		
Governmental activities	\$ 11,555,732	
Private-purpose trust fund	35,516	
Agency funds	<u>4,467,954</u>	
Total	<u>\$ 16,059,202</u>	

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2015 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 fund	Nonmajor governmental fund	<u>\$ 1,822</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.

**LOGAN ELM LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 5 - INTERFUND TRANSACTIONS – (Continued)**

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

- B.** Interfund transfers for the year ended June 30, 2015, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor governmental fund from:

General fund	\$ <u>626,645</u>
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Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers made in fiscal year 2015 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated on the government-wide statement of activities.

- C.** Loans between governmental funds are reported as “loans receivable/payable” on the financial statements. The District had the following loan outstanding at fiscal year end:

<u>Loan from</u>	<u>Loan to</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	\$ <u>50,000</u>

This loan is expected to be repaid in the subsequent year as resources become available in the fund.

**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 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, 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 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, 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.

**LOGAN ELM LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 6 - PROPERTY TAXES – (Continued)**

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 County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$868,568 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$779,422 in the general 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, 2015 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 deferred inflows.

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.

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 286,809,660	94.15	\$ 314,668,170	94.55
Public utility personal	<u>17,828,040</u>	<u>5.85</u>	<u>18,138,580</u>	<u>5.45</u>
Total	<u>\$ 304,637,700</u>	<u>100.00</u>	<u>\$ 332,806,750</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$38.85		\$38.60

**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 \$2,350,295 in fiscal year 2015.

**LOGAN ELM LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2015 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	\$ 7,006,378
Income taxes	858,340
Accounts	687
Accrued interest	5,637
Intergovernmental	<u>385,448</u>
Total	<u>\$ 8,256,490</u>

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

**NOTE 9 - CAPITAL ASSETS**

During fiscal year 2015, the District had a reappraisal of its capital assets and correct accounting changes in the amounts previously reported (See Note 3.C). The adjustments had the following effect on the District's governmental activities capital asset balances:

	Balance <u>June 30, 2014</u>	<u>Adjustments</u>	Restated Balance <u>July 1, 2014</u>
<i>Capital assets, not being depreciated:</i>			
Land	\$ 209,732	\$ 297	\$ 210,029
Total capital assets, not being depreciated	<u>209,732</u>	<u>297</u>	<u>210,029</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	1,315,404	160,474	1,475,878
Building and improvements	5,015,744	18,730	5,034,474
Furniture and equipment	2,476,874	164,811	2,641,685
Vehicles	<u>2,645,377</u>	<u>10,564</u>	<u>2,655,941</u>
Total capital assets, being depreciated	<u>11,453,399</u>	<u>354,579</u>	<u>11,807,978</u>
<i>Less: accumulated depreciation</i>			
Land improvements	(1,062,794)	(98,255)	(1,161,049)
Building and improvements	(2,854,038)	(323)	(2,854,361)
Furniture and equipment	(2,317,792)	(87,555)	(2,405,347)
Vehicles	<u>(2,061,066)</u>	<u>(7,000)</u>	<u>(2,068,066)</u>
Total accumulated depreciation	<u>(8,295,690)</u>	<u>(193,133)</u>	<u>(8,488,823)</u>
Governmental activities capital assets, net	<u>\$ 3,367,441</u>	<u>\$ 161,743</u>	<u>\$ 3,529,184</u>

**LOGAN ELM LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Capital asset activity for the fiscal year ended June 30, 2015 was as follows. Beginning balances have been restated as described in Note 3.C.

	Restated Balance 6/30/14	Additions	Disposals	Balance 6/30/15
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 210,029	\$ -	\$ -	\$ 210,029
Total capital assets, not being depreciated	<u>210,029</u>	<u>-</u>	<u>-</u>	<u>210,029</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,475,878	-	-	1,475,878
Buildings and improvements	5,034,474	-	-	5,034,474
Furniture and equipment	2,641,685	13,761	(427,153)	2,228,293
Vehicles	2,655,941	162,788	(607,504)	2,211,225
Total capital assets, being depreciated	<u>11,807,978</u>	<u>176,549</u>	<u>(1,034,657)</u>	<u>10,949,870</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,161,049)	(53,850)	-	(1,214,899)
Buildings and improvements	(2,854,361)	(62,710)	-	(2,917,071)
Furniture and equipment	(2,405,347)	(68,702)	425,761	(2,048,288)
Vehicles	(2,068,066)	(136,898)	607,504	(1,597,460)
Total accumulated depreciation	<u>(8,488,823)</u>	<u>(322,160)</u>	<u>1,033,265</u>	<u>(7,777,718)</u>
Governmental activities capital assets, net	<u>\$ 3,529,184</u>	<u>\$ (145,611)</u>	<u>\$ (1,392)</u>	<u>\$ 3,382,181</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 61,302
Special	12,752
Vocational	3,907

Support services:

Pupil	1,311
Instructional staff	3,133
Administration	3,429
Fiscal	531
Operations and maintenance	21,029
Pupil transportation	142,421
Central	7,676
Extracurricular activities	52,286
Food service operations	12,383
Total depreciation expense	<u>\$ 322,160</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 10 - LONG-TERM OBLIGATIONS**

- A. The District's long-term obligations during the year consist of the following. The long-term obligations at June 30, 2014 have been restated as described in Note 3.C.

	Restated Balance 6/30/14	Additions	Reductions	Balance 6/30/15	Amounts Due in One Year
<b>Governmental activities:</b>					
Compensated absences	\$ 1,318,156	\$ 113,393	\$ (164,336)	\$ 1,267,213	\$ 148,567
Net pension liability	<u>27,944,025</u>	<u>-</u>	<u>(4,425,059)</u>	<u>23,518,966</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 29,262,181</u>	<u>\$ 113,393</u>	<u>\$ (4,589,395)</u>	<u>\$ 24,786,179</u>	<u>\$ 148,567</u>

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

See Note 13 for detail of the net pension liability.

**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, 2015, are a voted debt margin of \$29,952,608 and an unvoted debt margin of \$332,807.

**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.

**LOGAN ELM LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**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 2015, 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, 2015 is as follows:

Building and Contents (\$1,000 deductible)	\$44,443,386
Inland Marine (\$500 deductible)	100,000
Automobile Liability (\$500 deductible)	1,000,000
Crime (\$250 deductible)	
Employee Theft	50,000
Forgery or Alteration	50,000
Inside the Premises - Theft of Money and Securities	25,000
Outside the Premises - Theft of Money and Securities	25,000
General Liability	
Aggregate	3,000,000
Per Occurrence	1,000,000
Employer's Liability - Stop Gap Coverage Endorsement (\$5,000 deductible)	
Aggregate	3,000,000
Each Wrongful Act	1,000,000
Bodily Injury by Accident	1,000,000
Bodily Injury by Disease	1,000,000
Educational Legal Liability (\$2,500 deductible)	
Aggregate	3,000,000
Each Injury	1,000,000
Excess Liability Coverage	
Aggregate	3,000,000
Per Occurrence	3,000,000
Public Official Bonds	
Treasurer	50,000
Superintendent / Board President (each)	20,000

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

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**NOTE 12 - RISK MANAGEMENT - (Continued)**

**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 90% 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.

**D. Workers' Compensation**

The District participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP). SchoolComp contracts with CompManagement, Inc. 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. CompManagement provides administrative cost control and actuarial services to Ohio SchoolComp. The District paid CompManagement \$985 in administrative fees during fiscal year 2015.

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The net pension liability represents the District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension and postemployment benefits payable* on both the accrual and modified accrual bases of accounting.

***Plan Description - School Employees Retirement System (SERS)***

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was \$306,741 for fiscal year 2015. Of this amount \$35,584 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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.

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$1,156,430 for fiscal year 2015. Of this amount, \$201,681 is reported as pension and postemployment benefits payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 4,426,200	\$ 19,092,766	\$ 23,518,966
Proportion of the net pension liability	0.08745800%	0.07849527%	
Pension expense	\$ 258,296	\$ 740,620	\$ 998,916

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 37,672	\$ 183,809	\$ 221,481
District contributions subsequent to the measurement date	<u>306,741</u>	<u>1,156,430</u>	<u>1,463,171</u>
Total deferred outflows of resources	<u>\$ 344,413</u>	<u>\$ 1,340,239</u>	<u>\$ 1,684,652</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 718,385</u>	<u>\$ 3,532,234</u>	<u>\$ 4,250,619</u>
Total deferred inflows of resources	<u>\$ 718,385</u>	<u>\$ 3,532,234</u>	<u>\$ 4,250,619</u>

\$1,463,171 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2016	\$ (170,178)	\$ (837,107)	\$ (1,007,285)
2017	(170,178)	(837,107)	(1,007,285)
2018	(170,178)	(837,107)	(1,007,285)
2019	<u>(170,179)</u>	<u>(837,104)</u>	<u>(1,007,283)</u>
Total	<u>\$ (680,713)</u>	<u>\$ (3,348,425)</u>	<u>\$ (4,029,138)</u>

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 6,314,871	\$ 4,426,200	\$ 2,837,663

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u><u>100.00 %</u></u>	

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 27,333,376	\$ 19,092,766	\$ 12,123,983

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**Health Care Plan Description** - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$40,910.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$59,841, \$43,291, and \$39,441, respectively. For fiscal year 2015, 89.63 percent has been contributed, with the balance being reported as pension and postemployment benefits payable. The full amount has been contributed for fiscal years 2014 and 2013.

**B. State Teachers Retirement System**

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$81,066, and \$80,627 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**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);

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (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).

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	\$ 487,374
Net adjustment for revenue accruals	79,230
Net adjustment for expenditure accruals	(92,431)
Net adjustment for other financing sources	(7,034)
Funds budgeted elsewhere	135,276
Adjustment for encumbrances	185,198
GAAP basis	\$ 787,613

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, 2015.

**B. Litigation**

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

**LOGAN ELM LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 16 - CONTINGENCIES - (Continued)**

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**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.

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, 2014	\$ -
Current year set-aside requirement	337,123
Current year qualifying expenditures	(535,272)
Current year offsets	-
Total	\$ (198,149)
Balance carried forward to fiscal year 2016	\$ -
Set-aside balance June 30, 2015	\$ -

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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**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:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 188,578
Nonmajor governmental	<u>20,777</u>
Total	<u>\$ 209,355</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	<b>2014</b>	<b>2013</b>
District's proportion of the net pension liability	0.08745800%	0.08745800%
District's proportionate share of the net pension liability	\$ 4,426,200	\$ 5,200,847
District's covered-employee payroll	\$ 2,541,342	\$ 2,339,306
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	222.32%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	<b>2014</b>	<b>2013</b>
District's proportion of the net pension liability	0.07849527%	0.07849527%
District's proportionate share of the net pension liability	\$ 19,092,766	\$ 22,743,178
District's covered-employee payroll	\$ 8,020,054	\$ 8,062,662
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	282.08%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 306,741	\$ 352,230	\$ 323,760	\$ 322,001	\$ 329,767
Contributions in relation to the contractually required contribution	<u>(306,741)</u>	<u>(352,230)</u>	<u>(323,760)</u>	<u>(322,001)</u>	<u>(329,767)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered-employee payroll	\$ 2,327,322	\$ 2,541,342	\$ 2,339,306	\$ 2,394,059	\$ 2,623,445
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%	12.57%

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 395,145	\$ 252,196	\$ 244,936	\$ 249,047	\$ 227,350
<u>(395,145)</u>	<u>(252,196)</u>	<u>(244,936)</u>	<u>(249,047)</u>	<u>(227,350)</u>
<u>\$ -</u>				
\$ 2,918,353	\$ 2,562,967	\$ 2,494,257	\$ 2,331,901	\$ 2,148,866
13.54%	9.84%	9.82%	10.68%	10.58%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 1,156,430	\$ 1,042,607	\$ 1,048,146	\$ 1,103,797	\$ 1,211,139
Contributions in relation to the contractually required contribution	<u>(1,156,430)</u>	<u>(1,042,607)</u>	<u>(1,048,146)</u>	<u>(1,103,797)</u>	<u>(1,211,139)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
District's covered-employee payroll	\$ 8,260,214	\$ 8,020,054	\$ 8,062,662	\$ 8,490,746	\$ 9,316,454
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%	13.00%

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 1,153,107	\$ 1,141,933	\$ 1,085,052	\$ 1,040,783	\$ 1,037,483
<u>(1,153,107)</u>	<u>(1,141,933)</u>	<u>(1,085,052)</u>	<u>(1,040,783)</u>	<u>(1,037,483)</u>
<u>\$ -</u>				
\$ 8,870,054	\$ 8,784,100	\$ 8,346,554	\$ 8,006,023	\$ 7,980,638
13.00%	13.00%	13.00%	13.00%	13.00%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financials for the methods and assumptions in this calculation.

**LOGAN ELM LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b> <i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster			
Non-Cash Assistance (Food Distribution):			
School Breakfast Program	10.553	\$ 5,497	\$ 5,497
National School Lunch Program	10.555	21,884	21,884
Cash Assistance:			
School Breakfast Program	10.553	75,109	75,109
National School Lunch Program	10.555	<u>298,983</u>	<u>298,983</u>
Total Nutrition Cluster		<u>401,473</u>	<u>401,473</u>
<b>Total U.S. Department of Agriculture</b>		<u><b>401,473</b></u>	<u><b>401,473</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b> <i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	515,234	436,677
Special Education Cluster:			
Special Education - Grants to States	84.027	570,037	482,194
Special Education - Preschool Grants	84.173	<u>10,563</u>	<u>8,111</u>
Total Special Education Cluster		<u>580,600</u>	<u>490,305</u>
Title II-A - Improving Teacher Quality	84.367	123,456	105,452
ARRA - Race to the Top Incentive Grants	84.395	-	2,865
SPARK - Race to the Top - Early Learning Challenge	84.412	<u>29,472</u>	<u>15,924</u>
<b>Total U.S. Department of Education</b>		<u><b>1,248,762</b></u>	<u><b>1,051,223</b></u>
<b>Total</b>		<u><b>\$ 1,650,235</b></u>	<u><b>\$ 1,452,696</b></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, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Logan Elm 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 program 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, each major fund, and the aggregate remaining fund information of the Logan Elm Local School District, Pickaway County, Ohio, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 19, 2016, wherein we noted the District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### ***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

February 19, 2016



# 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, Pickaway County, Ohio (the District) 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, 2015. 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, 2015.

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***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 each 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 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

February 19, 2016

**LOGAN ELM LOCAL SCHOOL DISTRICT  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2015**

**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):	Nutrition Cluster (CFDA 10.553 & 10.555)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# Dave Yost • Auditor of State

**LOGAN ELM LOCAL SCHOOL DISTRICT**

**PICKAWAY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 31, 2016**