



**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Benjamin Logan Local School District
Logan County
4626 County Road 26
Bellefontaine, Ohio 43311-9532

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Benjamin Logan Local School District (the District), Logan County, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Benjamin Logan Local School District, Logan County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3, during the year ended June 30, 2001, the District adopted Governmental Accounting Statement No. 33, *Accounting and Financial Reporting for Non exchange Transactions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose

Jim Petro
Auditor of State

December 4, 2001

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,490,479	\$756,764	\$542,470	\$26,821
Cash and Cash Equivalents:				
With Fiscal Agents		16,117		
Receivables:				
Taxes	4,976,944	1,044,935	1,547,944	
Accounts	14,960			
Intergovernmental	5,475			
Accrued Interest	2,882			
Materials and Supplies Inventory	54,773			
Prepaid Items	66,169			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	193,373			
Fixed Assets				
Accumulated Depreciation				
Other Debits:				
Amount in Debt Service Fund for Retirement of Provided from General Government Resources				
Total Assets and Other Debits	<u>6,805,055</u>	<u>1,817,816</u>	<u>2,090,414</u>	<u>26,821</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	31,965	6,359		
Accrued Wages and Benefits	860,998	28,315		
Compensated Absences Payable	63,650			
Intergovernmental Payable	163,981	3,011		
Deferred Revenue	4,746,498	1,040,440	1,481,191	
Due to Students				
Energy Conservation Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	<u>5,867,092</u>	<u>1,078,125</u>	<u>1,481,191</u>	
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	46,356	29,290		18,206
Reserved for Inventory	54,773			
Reserved for Prepaid Items	66,169			
Reserved for Debt Service Principal			542,470	
Reserved for Property Taxes	230,446	4,495	66,753	
Reserved for Textbooks & Instructional Materials	110,862			
Reserved for Capital Improvements	22,649			
Reserved for Budget Stabilization	59,862			
Unreserved:				
Unreserved, Undesignated	346,846	705,906		8,615
Total Fund Equity and Other Credits	<u>937,963</u>	<u>739,691</u>	<u>609,223</u>	<u>26,821</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$6,805,055</u>	<u>\$1,817,816</u>	<u>\$2,090,414</u>	<u>\$26,821</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$176,905	\$76,751			\$3,070,190
				16,117
				7,569,823
166	282			15,408
11,125				16,600
				2,882
7,380				62,153
				66,169
				193,373
378,448 (217,923)		25,487,937		25,866,385 (217,923)
			609,223	609,223
			12,540,142	12,540,142
<u>356,101</u>	<u>77,033</u>	<u>25,487,937</u>	<u>13,149,365</u>	<u>49,810,542</u>
323	4,280			\$42,927
16,993				906,306
26,019			1,160,254	1,249,923
20,595			99,235	286,822
2,804				7,270,933
	70,797			70,797
			194,007	194,007
			11,695,869	11,695,869
<u>66,734</u>	<u>75,077</u>		<u>13,149,365</u>	<u>21,717,584</u>
		25,487,937		25,487,937
152,159				152,159
137,208				137,208
				93,852
				54,773
				66,169
				542,470
				301,694
				110,862
				22,649
				59,862
	1,956			1,063,323
<u>289,367</u>	<u>1,956</u>	<u>25,487,937</u>		<u>28,092,958</u>
<u>\$356,101</u>	<u>\$77,033</u>	<u>\$25,487,937</u>	<u>\$13,149,365</u>	<u>\$49,810,542</u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expensible Trust	
Revenues:						
Intergovernmental	\$5,117,557	\$520,807	\$120,060	\$86,580		\$5,845,004
Interest	187,335					187,335
Tuition and Fees	172,693	2,323				175,016
Rent	1,691					1,691
Extracurricular Activities		197,556				197,556
Gifts and Donations	25	24,605			1,798	26,428
Property & Other Local Taxes	4,985,496	533,469	1,572,085			7,091,050
Miscellaneous	86,827	6,314				93,141
Total Revenues	<u>10,551,624</u>	<u>1,285,074</u>	<u>1,692,145</u>	<u>\$86,580</u>	<u>1,798</u>	<u>13,617,221</u>
Expenditures:						
Instruction:						
Regular	4,421,491	140,921		\$69,555	347	4,632,314
Special	1,066,683	246,185				1,312,868
Vocational	466,787					466,787
Other	153,577					153,577
Support services:						
Pupils	303,040	120,202				423,242
Instructional Staff	262,823	49,620		526		312,969
Board of Education	8,929					8,929
Administration	800,359	1,000				801,359
Fiscal	255,764		34,135			289,899
Operation and Maintenance of Plant	913,366					913,366
Pupil Transportation	793,034					793,034
Central	42,110	11,556				53,666
Extracurricular activities	211,472	83,553				295,025
Capital Outlay				201,463		201,463
Debt Service						
Debt Service - Principal	7,318		1,075,000			1,082,318
Debt Service - Interest	6,382		552,531			558,913
Total Expenditures	<u>9,713,135</u>	<u>653,037</u>	<u>1,661,666</u>	<u>271,544</u>	<u>347</u>	<u>12,299,729</u>
Excess of Revenues Over (Under) Expenditures	838,489	632,037	30,479	(184,964)	1,451	1,317,492
Other Financing Sources						
Proceeds from Sale of Long-Term Notes				201,463		201,463
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	838,489	632,037	30,479	16,499	1,451	1,518,955
Fund Balance at Beginning of Year (See Note 4)	99,474	107,654	578,744	10,322	505	796,699
Fund Balance at End of Year	<u>\$937,963</u>	<u>\$739,691</u>	<u>\$609,223</u>	<u>\$26,821</u>	<u>\$1,956</u>	<u>\$2,315,654</u>

The notes to the general-purpose financial statements are an integral part of this statement.

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types					
	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Intergovernmental	\$4,666,500	\$5,116,651	\$450,151	\$428,221	\$453,371	\$25,150
Interest	125,000	184,453	59,453			
Tuition and Fees	162,000	160,431	(1,569)		2,323	2,323
Rent	1,500	1,350	(150)			
Extracurricular Activities				220,000	197,556	(22,444)
Gifts and Donations	500	25	(475)	26,000	24,605	(1,395)
Property & Other Local Taxes	5,636,250	4,930,649	(705,601)	511,000	528,974	17,974
Miscellaneous	21,500	63,139	41,639	2,700	6,058	3,358
Total Revenues	10,613,250	10,456,698	(156,552)	1,187,921	1,212,887	24,966
Expenditures:						
Current:						
Instruction:						
Regular	4,688,885	4,459,216	229,669	99,299	140,648	(41,349)
Special	1,077,609	1,064,226	13,383	247,964	246,638	1,326
Vocational	500,500	450,768	49,732			
Other	185,000	153,577	31,423			
Support services:						
Pupils	308,104	291,527	16,577	198,530	120,522	78,008
Instructional Staff	280,900	270,989	9,911	51,220	37,004	14,216
Board of Education	9,200	8,939	261			
Administration	872,664	833,719	38,945	2,077	1,000	1,077
Fiscal	267,304	265,915	1,389			
Operation and Maintenance of Plant	1,021,915	961,871	60,044			
Pupil Transportation	974,755	926,118	48,637			
Central	64,451	54,341	10,110	23,875	17,396	6,479
Extracurricular activities	218,350	198,539	19,811	108,468	101,953	6,515
Capital Outlay	22,963		22,963			
Debt Service						
Debt Service - Principal	7,318	7,318				
Debt Service - Interest	6,382	6,382				
Total Expenditures	10,506,300	9,953,445	552,855	731,433	665,161	66,272
Excess of Revenues Over (Under) Expenditures	106,950	503,253	396,303	456,488	547,726	91,238
Other Financing Sources and Uses						
Operating Transfers In					257	257
Proceeds from Long-Term Notes						
Proceeds from Sale of Fixed Assets				600		(600)
Refund of Prior Year Expenditures		25,892	25,892			
Other Financing Sources	200	298	98			
Total Other Financing Sources (Uses)	200	26,190	25,990	600	257	(343)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	107,150	529,443	422,293	457,088	547,983	90,895
Fund Balances at Beginning of Year	966,794	966,794		120,063	120,063	
Prior Year Encumbrances Appropriated	109,300	109,300		53,067	53,067	
Fund Balance at end of Year	\$1,183,244	\$1,605,537	\$422,293	\$630,218	\$721,113	

The notes to the general-purpose financial statements are an integral part of this statement.

Governmental Fund Types						Fiduciary Fund Type		
Debt Service			Capital Projects			Expendable Trust		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$100,000	\$120,060	\$20,060	\$86,580	\$86,580				
						1,538	1,798	260
1,160,000	1,571,040	411,040						
<u>1,260,000</u>	<u>1,691,100</u>	<u>431,100</u>	<u>86,580</u>	<u>86,580</u>		<u>1,538</u>	<u>1,798</u>	<u>260</u>
			70,877	69,761	1,116	2,043	347	1,696
			526	526				
40,000	34,135	5,865						
			9,000	18,000	(9,000)			
			201,463	201,463				
1,075,000	1,075,000							
560,000	552,531	7,469						
<u>1,675,000</u>	<u>1,661,666</u>	<u>13,334</u>	<u>281,866</u>	<u>289,750</u>	<u>(7,884)</u>	<u>2,043</u>	<u>347</u>	<u>1,696</u>
<u>(415,000)</u>	<u>29,434</u>	<u>444,434</u>	<u>(195,286)</u>	<u>(203,170)</u>	<u>(7,884)</u>	<u>(505)</u>	<u>1,451</u>	<u>1,956</u>
			201,463	201,463				
			<u>201,463</u>	<u>201,463</u>				
(415,000)	29,434	444,434	6,177	(1,707)	(7,884)	(505)	1,451	1,956
513,034	513,034		10,323	10,323		505	505	
<u>\$98,034</u>	<u>\$542,468</u>	<u>\$444,434</u>	<u>\$16,500</u>	<u>\$8,616</u>	<u>(\$7,884)</u>	<u>\$0</u>	<u>\$1,956</u>	<u>\$1,956</u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Revenues:	
Sales	\$490,596
Other Revenues	160
Total Operating Revenues	<u>490,756</u>
Operating Expenses	
Salaries	158,053
Fringe Benefits	56,645
Purchased Services	14,888
Materials and Supplies	302,139
Depreciation	22,468
Other	6,805
Total Operating Expenses	<u>560,998</u>
Operating (Loss)	(70,242)
Non-Operating Revenues	
Federal Donated Commodities	35,884
Interest	10,495
Federal and State Subsidies	74,939
Total Non-Operating Revenues	<u>121,318</u>
Net Income	51,076
Retained Earnings at Beginning of Year	<u>86,132</u>
Retained Earnings at End of Year	137,208
Contributed Capital	<u>152,159</u>
Total Fund Equity at End of Year	<u><u>\$289,367</u></u>

The notes to the general-purpose financial statements are an integral part of this statement.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Sales	\$490,912
Other Cash Receipts	160
Cash Payments to Suppliers for Goods and Service	(263,383)
Cash Payments for Contract Services	(14,888)
Cash Payments for Employee Services	(199,140)
Cash Payments for Employee Benefits	(62,409)
Other Cash Payments	<u>(6,805)</u>
Net Cash Provided (Used) by Operating Activities	(55,553)
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	75,122
Cash Flows from Investing Activities:	
Interest Received	10,495
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	<u>(8,549)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	21,515
Cash and Cash Equivalents at Beginning of Year	<u>155,390</u>
Cash and Cash Equivalents at End of Year	<u><u>\$176,905</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	(\$70,242)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:	
Depreciation	22,468
Donated Commodities Used During the Year	35,884
Adjustments to Capital Outlay	697
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	315
Decrease in Material and Supplies Inventory	5,743
Increase in Compensated Absences Payable	3,828
Decrease in Intergovernmental Payable	(7,042)
Decrease in Deferred Revenue	(2,955)
Decrease in Accrued Wages and Benefits	(43,636)
Decrease in Accounts Payable	<u>(613)</u>
Total Adjustments	<u>14,689</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$55,553)</u></u>

The notes to the general-purpose financial statements are an integral part of this statement.

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**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1969 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 225 square miles, 201 square miles in Logan County, 18 square miles in Hardin County, and six square miles in Union County. It is located in Logan County, and includes the Villages of Belle Center, Rushsylvania, Valley High, Middleburg, West Mansfield, Zanesfield, and East Liberty. The School District is the 274th largest in the State of Ohio (among 612 school districts) in terms of enrollment. The District is staffed by 95 non-certificated employees, 122 certificated full-time teaching personnel who provide services to 2,019 students and other community members. The School District currently operates three instructional buildings and a garage building.

Reporting Entity:

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

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

The School District is associated with three significant types of organizations, which includes three jointly governed organizations, two insurance purchasing pools, and a related organization. These organizations include the Western Ohio Computer Organization, the Ohio Hi-Point Joint Vocational School District, the West Central Ohio Special Education Regional Resource Center, the Ohio School Boards Association Worker's Compensation Group Rating Plan, the Logan County Schools Benefit Plan Association, and the Belle Center Free Public Library. These organizations are presented in Notes 17, 18, and 19 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Benjamin Logan Local School District have been prepared in conformity with generally accepted accounting principles (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.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The most significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Capital Projects Funds - The capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Type:

Proprietary funds are used to account for the School District's ongoing activities, which are similar to those, found in the private sector. The following is the School District's proprietary fund type:

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Funds - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental fund types and agency funds. The full accrual basis of accounting is followed for the proprietary fund types.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred 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.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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.

Tax Budget:

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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Logan County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, 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 the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, must be approved by the Board of Education.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in the pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2001, investments were limited to STAR Ohio, overnight repurchase agreements, and certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District had invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2001.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited during fiscal year 2001 amounted to \$187,335 in the general fund which includes \$62,383 assigned from other school district funds.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds, which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed 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 School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

- Professional Development Grant
- Education Management Information Systems
- ONenet Ohio Network Connectivity
- School Net Professional Development
- Ohio Reads Grant
- Extended Learning Opportunity
- Character Education Grant
- Title II Eisenhower
- Title VI-B
- Title I
- Title VI
- Safe & Drug Free School
- Title VI-R Grant

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 41 percent of the School District's operating revenue during the 2001 fiscal year.

I. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for employees after 10 years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, and long-term loans are reported as a liability of the general long-term obligations account group until due.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for amounts required by statute to be set-aside by the School District for the purchase of textbooks and for the acquisition or construction of capital assets. The reserve for budget stabilization represents the set aside required for Bureau of Workers Compensation refunds. See Note 22 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, prepaid items, debt service principal, property taxes, textbooks, capital acquisition, and budget stabilization.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

O. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated.

P. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. Statement No. 36 did not have a material impact on the financial statements.

4. RESTATEMENT OF FUND EQUITY

A. Adoption of GASB Statements No. 33.

The restatement for GASB Statements No. 33 had the following effect on fund balance as it was previously reported as of June 30, 2000.

	Special Revenue
Fund Balance as Previously Reported	\$170,154
Deferred Revenue	(62,500)
Restated Fund Balance at June 30, 2000	\$107,654

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

4. RESTATEMENT OF FUND EQUITY (Continued)

The restatement had the following effect on the excess of revenues over (under) expenditures as previously reported for the fiscal year ended June 30, 2000.

	Special Revenue
Excess as Previously Reported	\$(77,316)
Intergovernmental Revenue	(62,500)
Restated Amount for the Fiscal Year Ended June 30, 2000	\$(139,816)

5. ACCOUNTABILITY AND COMPLIANCE

A. ACCOUNTABILITY

At June 30, 2001 the Title 1, Miscellaneous Grant, and Student Managed Activities Funds had negative fund balances \$5174, \$2,073, and \$230, respectively which were created by accounting principals generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. COMPLIANCE

All expenditures were not certified prior to the obligation being incurred which violated Ohio Rev. Code Section 5705.41(D).

6. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances 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, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) and All Governmental Fund Types and Expendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

5. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
6. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
7. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

6. BUDGETARY BASIS OF ACCOUNTING (Continued)

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	\$529,443	\$547,983	\$29,434	(\$1,707)	\$1,451
Revenue Accruals	94,926	72,187	1,045		
Expenditure Accruals	161,989	(23,526)			
Other Sources/Uses	(26,190)	(257)			
Encumbrances	78,321	35,650		18,206	
GAAP Basis	<u>\$838,489</u>	<u>\$632,037</u>	<u>\$30,479</u>	<u>\$16,499</u>	<u>\$1,451</u>

7. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim monies are those monies, 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.

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

7. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or 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 the federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio) and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and.

Investments in stripped principal or interest obligations, reverse purchase 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 School 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.

At fiscal year end, the School District had \$2,175 in undeposited cash on hand, which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

At fiscal year end, the School District had \$16,117 in cash and cash equivalents held by the Logan County Educational Service Center, which is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent." The Educational Service Center holds this flow through grant money for the School District together with that of other school districts, and therefore, the School District cannot classify this money by risk under GASB Statement No. 3.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

7. DEPOSITS AND INVESTMENTS (Continued)

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$892,903 and the bank balance was \$1,172,045. Of the bank balance, \$187,092 was covered by federal depository insurance and \$984,953 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments, which are held by the counter-party's, trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party, or by its trust department or agent but not in the School District's name. The School District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

Investments:	Category 3	Cost	Fair Value
Repurchase Agreement	\$152,105	\$152,105	\$152,105
STAR Ohio		<u>2,216,380</u>	<u>2,216,380</u>
Total	<u>\$152,105</u>	<u>\$2,368,485</u>	<u>\$2,368,485</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$3,279,680	
Cash on Hand	(2,175)	
Cash on Hand with Fiscal Agent	(16,117)	
Investments:		
Repurchase Agreement	(152,105)	\$152,105
STAR Ohio	<u>(2,216,380)</u>	<u>2,216,380</u>
GASB Statement No. 3	<u>\$892,903</u>	<u>\$2,368,485</u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

8. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Logan, Hardin, and Union Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001 are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$230,446 in the General Fund and \$66,753 in the Bond Retirement Debt Service Fund, and \$4,495 in the Emergency Levy Special Revenue Fund.

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other RE	\$142,550,890	63%	\$147,357,420	65%
Public Utility	14,179,760	6%	13,763,720	6%
Tangible Personal Property	71,520,489	31%	64,443,560	29%
Total Assessed Value	<u>\$228,251,139</u>	<u>100%</u>	<u>\$225,564,700</u>	<u>100%</u>
Tax rate per \$1,000 of assessed	\$36.70		\$42.95	

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

9. RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes and accounts receivable (rent, billings for user charged services, and student fees). 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 fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	General Fund	Special Revenue	Debt Service	Enterprise Funds	Agency Funds
Taxes	\$4,976,944	\$1,044,935	\$1,547,944		
Accounts	14,960			166	282
Intergovernmental	5,475			11,125	
Total Receivables	\$4,997,379	\$1,044,935	\$1,547,944	\$11,291	\$282

10. FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$378,448
Less: Accumulated Depreciation	(217,923)
Net Fixed Assets	\$160,525

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
Land and Improvements	\$701,405			\$701,405
Buildings and Improvements	21,461,243			21,461,243
Furniture and Equipment	1,615,350	\$14,759	\$2,349	1,627,760
Vehicles	1,706,394	95,768	104,633	1,697,529
Totals	\$25,484,392	\$110,527	\$106,982	\$25,487,937

11. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple employer public employee retirement system, administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$511,132, \$347,561, and \$313,654 respectively; 83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$128,748, is recorded as a liability within the respective funds.

B. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$80,462, \$86,892, and \$116,852, respectively; 38 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$126,996, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

12. POSTEMPLOYMENT BENEFITS

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

12. POSTEMPLOYMENT BENEFITS (Continued)

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$242,115.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000, and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the District, the amount to fund health care benefits, including the surcharge of \$39,657, was \$ 164,008 for fiscal year 2001.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30 ,2000 (the latest information available), were \$140,696,340, and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

13. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. 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. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for 25 percent of accrued, but unused sick leave credit to a maximum of 60 days for all employees.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

13. EMPLOYEE BENEFITS (Continued)

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to all contract employees through Anthem Blue Cross Blue Shield, the provider for the Logan County Schools Benefit Plan Association discussed in Note 19.

14. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Principal Outstanding 06/30/00	Additions	Reductions	Principal Outstanding 06/30/01
1994 New School Building	\$6,980,000		\$555,000	\$6,425,000
1997 New School Building	1,435,000		20,000	1,415,000
Capital Appreciation Bonds	66,672	\$9,953		76,625
1993 Refinancing Bonds	3,305,000		500,000	2,805,000
Capital Appreciation Bonds	870,111	104,133		974,244
Energy Conservation Loan		201,463	7,456	194,007
Long-Term Bonds	<u>\$12,656,783</u>	<u>\$315,549</u>	<u>\$1,082,456</u>	<u>\$11,889,876</u>
Pension Obligation	104,503		5,268	99,235
Compensated Absences	1,204,445		44,191	1,160,254
Total Long-Term Obligations	<u><u>\$13,965,731</u></u>	<u><u>\$315,549</u></u>	<u><u>\$1,131,915</u></u>	<u><u>\$13,149,365</u></u>

1997 Elementary and Middle School Improvement Bonds

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

The Capital Appreciation Bonds will mature in fiscal years 2010 and 2011. The maturity amount of the bonds is \$355,000. For fiscal year 2001, \$9,953 was accreted for a total bond value of \$76,625.

The Current Interest Serial Bonds will bear interest, payable on June 1 and December 1 of each year, beginning December 1, 1998 until maturity or earlier redemption. The Capital Appreciation bonds will accrue interest, compounded semiannually on June 1 and December 1, from the date of their issuance, but the interest will be payable only at maturity.

Mandatory Sinking Fund Redemption

The Term Bonds maturing on December 1, 2015 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

14. LONG-TERM OBLIGATIONS (Continued)

Year	Principal Amount To Be Redeemed
2012	\$190,000
2013	195,000
2014	205,000

The remaining principal amount of such Current Interest Bonds (\$110,000) will mature at stated maturity on December 1, 2015.

Optional Redemption

Interest on the Current Interest Serial Bonds maturing on or after December 1, 2008, are also subject to prior redemption on or after December 1, 2007, by and at the sole option of the Board, either in whole or in part on any interest payment date and in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date:

Redemption Period	Redemption
December 1, 2007 through November 30, 2008	101%
December 1, 2008 and thereafter	100%

1994 New School General Obligation Bonds

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

The Serial Bonds will bear interest, payable on June 1 and December 1 of each year, beginning December 1, 1994 until maturity or earlier redemption.

The bonds maturing on or after December 1, 2004 are subject to optional redemption by the District prior to maturity, beginning December 1, 2003, and the Term Bonds are subject to mandatory prior redemption.

Mandatory Sinking Fund Redemption

The Term Bonds maturing on December 1, 2010 are subject to mandatory sinking fund redemption in part by lot (with the balance of \$520,000 to be paid at stated maturity on December 1, 2010) at a redemption price equal to 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

14. LONG-TERM OBLIGATIONS (Continued)

Year	Principal Amount To Be Redeemed
2006	\$720,000
2007	710,000
2008	675,000
2009	635,000

Term Bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement.

Optional Redemption

The Bonds maturing on or after December 1, 2004, are also subject to prior redemption on or after December 1, 2003, by and at the sole option of the Board, either in whole or in part on any interest payment date and in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date:

Redemption Period	Redemption
December 1, 2003 through November 30, 2004	102%
December 1, 2004 through November 30, 2005	101%
December 1, 2005 and thereafter	100%

1993 School Refinancing Bonds

Refinancing General Obligation Bonds - On April 15, 1993, the Benjamin Logan Local School District issued \$6,334,108 in voted general obligation bonds for the construction of a new high school building. The bonds were issued for a fifteen year period with final maturity at December 1, 2008. The bond issue consists of \$4,940,000 of Current Interest Serial Bonds with interest rates ranging from 2.5 to 15% with yield rates of 2.5 to 5%, and \$284,107 Capital Appreciation bonds with interest rates of 15.8% (or the rate that, when applied to the original principal amount, compounded semi-annually results in the maturity amount) for an approximate yield to maturity of 5.6 to 5.8%, and \$1,110,000 Current Interest Term Bonds with an interest rate of 5.65%. The bonds will be retired from the debt service fund.

The Capital Appreciation Bonds will mature in fiscal years 2004 to 2006. The maturity amount of the bonds is \$1,905,000. For fiscal year 2001, \$104,133 was accreted for a total bond value of \$974,244.

The Current Interest Serial Bonds will bear interest, payable on June 1 and December 1 of each year, beginning December 1, 2008 until maturity or earlier redemption. The Capital Appreciation bonds will accrue interest, compounded semiannually on June 1 and December 1, from the date of their issuance, but the interest will be payable only at maturity.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

14. LONG-TERM OBLIGATIONS (Continued)

Mandatory Sinking Fund Redemption

The Current Interest Bonds maturing on December 1, 2008 (Current Interest Term Bonds) are subject to mandatory sinking fund redemption to occur on December 1, 2007 in the principal amount of \$645,000 (with the balance of \$465,000 to be paid at stated maturity on December 1, 2008) at a redemption price equal to 100% of the principal amount redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory requirement.

Optional Redemption

The Current Interest Term Bonds maturing on or after December 1, 2008, are also subject to prior redemption on any date on or after December 1, 2003, by and at the sole option of the Board, either in whole or in part on any interest payment date and in integral multiples of \$5,000, at the following redemption prices (expressed as percentages of the principal amount redeemed), plus accrued interest to the redemption date:

Redemption Period	Redemption
December 1, 2003 through November 30, 2004	102%
December 1, 2004 through November 30, 2005	101%
December 1, 2005 and thereafter	100%

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$9,147,422 with an unvoted debt margin of \$225,565 at June 30, 2001.

Principal and interest requirements to retire general obligation debt at June 30, 2001 are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2002	\$1,160,510	\$510,977	\$1,671,487
2003	1,221,494	456,702	1,678,196
2004	1,282,515	398,012	1,680,527
2005	1,110,763	871,808	1,982,571
2006	1,101,982	855,906	1,957,888
2007-2011	5,274,278	1,457,953	6,732,231
2012-2016	738,334	262,179	1,000,513
Total	\$11,889,876	\$4,813,537	\$16,703,413

15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Benjamin Logan Local School District as of and for the fiscal year ended June 30, 2001.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

15. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$486,626	\$4,130	\$490,756
Operating Expenses less Depreciation	532,013	6,517	538,530
Depreciation Expense	22,468		22,468
Operating Income (Loss)	(67,855)	(2,387)	(70,242)
Donated Commodities	35,884		35,884
Grants	74,939		74,939
Interest	10,495		10,495
Net Income (Loss)	53,463	(2,387)	51,076
Fixed Asset Additions	7,852		7,852
Net Working Capital	124,768	4,074	128,842
Total Assets	352,027	4,074	356,101
Total Liabilities	66,734		66,734
Total Equity	285,293	4,074	289,367

16. RISK MANAGEMENT

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

The District's comprehensive commercial insurance coverage for real property, and building contents has a liability limit of \$27,417,808 and a 90 percent coinsurance.

The District's fleet insurance has a liability limit of \$1,000,000, \$5,000 for medical payments, and \$1,000,000 for uninsured motorists. The policy includes a \$250 deductible for collision coverage.

The District's liability policy has a limit of \$5,000,000 for each occurrence and \$5,000,000 aggregate.

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

17. JOINTLY GOVERNED ORGANIZATIONS

Western Ohio Computer Organization – The District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby, and Miami Counties.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

17. JOINTLY GOVERNED ORGANIZATIONS (Continued)

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. Each of the governments of these districts supports WOCO based upon a per pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14, the School District does not have an equity interest in WOCO as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest. The WOCO is governed by a board of directors consisting of the superintendents of the member school districts and the degree of control is limited to the representation on the board. Financial information can be obtained from Sharon Waldsmith, who serves as the fiscal agent, at 129 East Court Street, 4th Floor, Sidney, Ohio 45365.

Ohio Hi-Point Joint Vocational School District - The Ohio Hi-Point Joint Vocational School District is a distinct political subdivision of the State of Ohio, which possesses its own budgeting and taxing authority. The Vocational School is governed by a board of education that consists of a representative from each participating school district and its degree of control is limited to its representation on that board. To obtain financial information write to the Ohio Hi-Point Joint Vocational School District, R. Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311-9594.

West Central Ohio Special Education Regional Resource Center – The West Central Ohio Special Education Regional Resource Center (SERRC) is a special education service center, which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SERRC is governed by a board of 52 members made up of the 50 superintendents of the participating districts, one non-public school, and Wright State University whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Krista Hart, Treasurer, at the Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

18. RELATED ORGANIZATION

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

19. INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRPs' business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

18. INSURANCE PURCHASING POOL (Continued)

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

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

19. CONTINGENCIES - GRANTS

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

20. STATE SCHOOL FOUNDATION DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 4, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as a basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

20. STATE SCHOOL FOUNDATION DECISION (Continued)

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the Center is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

21. SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements and budget stabilization, which was eliminated by S.B. 345, during fiscal year 2001.

	<u>Textbook</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Balance June 30, 2000		\$136,166	\$135,509
Current Year Set Aside Requirement	\$238,353	238,353	
Transferred to the General Fund (per S.B. 345)			(75,647)
Qualifying Expenditures	<u>(127,491)</u>	<u>(351,870)</u>	<u>0</u>
Amount Carried Forward to Future Fiscal Years	<u><u>\$110,862</u></u>	<u><u>\$22,649</u></u>	<u><u>\$59,862</u></u>

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$32,929		\$35,884
National School Lunch Program	04-PU	10.555	71,928		71,928	
Total Department of Agriculture - Nutrition Cluster			71,928	32,929	71,928	35,884
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Eisenhower Professional Development State Grants	MS-S1	84.281	7,967		7,125	
Safe and Drug Free Schools	DR-S1	84.186	8,398			
Special Education Grants to States	6B-SF	84.027	101,179		99,961	
Title 1, Part A, ESEA	C1-S1	84.010	5,320		18,155	
	C1-S1	84.010	156,802		137,099	
Total Title 1			162,122		155,254	
Innovative Educational Program Strategies	C2-S1	84.298	10,022		10,022	
Technology Literacy Challenge Fund Grants	TF-31	84.318			58,846	
Class Size Reduction	CR-S1	84.340			5,018	
			38,329		34,288	
Total Class Size Reduction			38,329		39,306	
Total Department of Education			328,017		370,514	
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$399,945</u>	<u>\$32,929</u>	<u>\$442,442</u>	<u>\$35,884</u>

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

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the activity of the District's federal awards programs. The schedule has been prepared on the cash basis of accounting, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation has been incurred.

NOTE B - NUTRITION CLUSTER

Nonmonetary assistance, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with state grants. It is assumed that federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

NOTE C—FEDERAL AWARDS EXPENDITURES ADMINISTERED BY OTHER GOVERNMENTS

The School District benefitted from other federal award expenditure programs which were passed through the State Department of Education to the Logan County Educational Service Center. These programs are administered by the Logan County Educational Service Center and are audited according to the Single Audit Act (A-133) at that level. The financial activity of these federal award expenditures programs is not reflected in the accompanying Schedule of Federal Award Expenditures.

FEDERAL GRANTOR/ Pass Through Grantor/ Program Titles	Federal CFDA Number	Project Number	Amount of Expenditure
UNITED STATES DEPARTMENT OF EDUCATION			
Passed though Ohio Department of Education - to Logan County Educational Service Center			
Eisenhower Professional Development State Grants	84.281	MS-S1	\$8,634
Safe and Drug Free Schools	84.186	DR-S1	8,766



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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Benjamin Logan Local School District
Logan County
4626 County Road 26
Bellefontaine, Ohio 43311-9532

To the Board of Education:

We have audited the financial statements of the Benjamin Logan Local School District (the District), Logan County, as of and for the year ended June 30, 2001, and have issued our report thereon dated December 4, 2001, wherein we noted that the District adopted Governmental Accounting Statement No. 33, *Accounting and Financial Reporting for Non exchange Transactions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-10246-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 4, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting, that do not require inclusion in this report, which we have reported to management of the District in a separate letter dated December 4, 2001.

Benjamin Logan Local School District
Logan County
Report of Independent Accountants on Compliance and on Internal
Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 4, 2001



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

Ben Logan Local School District
Logan County
4626 County Road 26
Bellefontaine, Ohio 43311-9532

To the Board of Education:

Compliance

We have audited the compliance of the Benjamin Logan Local School District, Logan County (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**Internal Control Over Compliance
(Continued)**

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

This report is intended for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 4, 2001

**BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

JUNE 30, 2001

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title 1, Part A, ESEA - CFDA: 84.010
<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
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BENJAMIN LOGAN LOCAL SCHOOL DISTRICT
HARDIN COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001

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

Ohio Rev. Code Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$1,000 for educational service centers, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Twenty percent of the tested expenditures were not certified by the Treasurer prior to making orders for the expenditure of District funds. In addition, neither of the two exceptions above were utilized for these transactions.

The Treasurer should implement procedures that would help to assure that expenditures are certified according to the requirements of Ohio Rev. Code Section 5705.41(D). The audit committee should implement a review process to determine if the requirements of this section are being met.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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BENJAMIN LOGAN LOCAL SCHOOL DISTRICT

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 27, 2001**