

**ELMWOOD LOCAL SCHOOL DISTRICT**

**WOOD COUNTY**

**JULY 1, 1999 TO JUNE 30, 2000**

**PREPARED BY: PRY CPA**



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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Elmwood Local School District  
7050 Jerry City Road  
Bloomdale, Ohio 44817

We have reviewed the Independent Auditor's Report of the Elmwood Local School District, Wood County, prepared by Pry CPA Services, for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Elmwood Local School District is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

January 29, 2001

ELMWOOD LOCAL SCHOOL DISTRICT

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ELMWOOD LOCAL SCHOOL DISTRICT  
ELECTED OFFICIALS  
AS OF JUNE 30, 2000

<u>Title/Name</u>	<u>Term of Office</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
President:				
Matt Feasel	1/1/2000 - 12/31/2003	(A)	\$20,000	1/1/2000 - 12/31/2000
Vice-President:				
Sue Rose	1/1/1998 - 12/31/2001			
Members:				
Dave Knisely	1/1/1998 - 12/31/2001			
John Reynolds	1/1/2000 - 12/31/2003			
Mike Carpenter	1/1/2000 - 12/31/2003			

(A) Cincinnati Insurance Company

ELMWOOD LOCAL SCHOOL DISTRICT  
ADMINISTRATIVE PERSONNEL  
AS OF JUNE 30, 2000

<u>Title/Name</u>	<u>Term of Office</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
Treasurer: Veronica Reinhart	1/1/99 - 1/11/2001	(A)	\$100,000	7/1/98 – 1/11/2001
Superintendent: Harold Bower	1/16/98 - 1/2/2001	(A)	\$20,000	1/1/2000 – 12/31/2000

Statutory Legal Counsel

Wood County Prosecutor  
Wood County Courthouse  
Bowling Green, OH 43402

Legal Counsel

Means, Bichmer, Burkholder, Baker Co., L.P.A.  
Attorneys at Law  
Summit One, Suite 540  
4700 Rockside Road  
Cleveland, OH 44131-2152

(A) Cincinnati Insurance Company

ELMWOOD LOCAL SCHOOL DISTRICT  
INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Funds:

General Fund

Special Revenue Funds:

Public School Support Fund  
Early Childhood Pre-School Grant Fund  
Management Information Fund  
Public Pre-School Grant Fund  
ECIA Chapter I - Migrant Fund  
ECIA Chapter I Fund  
ECIA Chapter II Fund  
Vocational Education Equipment Grant Fund  
Venture Capital Grant Fund  
Drug Free Schools Grant Fund  
School-Age Child Care Grant Fund  
Preschool Handicapped Fund  
Disadvantaged Pupil Impact Aid Fund  
Data Communication Subsidy Fund  
Conflict Grant Fund  
District Managed Student Activity Funds  
    Pacesetter Grant Fund  
    Pacemaker Grant Fund  
    Instructional Materials Subsidy Fund  
Professional Development Grant Fund  
Family & School Partnership Grant Fund  
Eisenhower Grant Fund  
Title VI-B Fund  
Title VI-R Fund  
Title IV Fund  
Emergency Repair Grant Fund  
E-Rate Subsidy Fund  
School Net Fund  
Wellness Program Fund  
SOS Grant Fund  
Students for Other Students Fund

Debt Service Fund:

Bond Retirement Fund

Capital Projects Funds:

Permanent Improvement Fund  
Schoolnet Plus Fund  
Vocational Education Equipment Fund

ELMWOOD LOCAL SCHOOL DISTRICT  
INDEX OF FUNDS  
(Continued)

PROPRIETARY FUND TYPE:

Enterprise Funds:

Food Service Fund  
Uniform School Supplies Fund  
Adult Education  
Wayne School Age Child Care Fund  
Bloomdale School Age Child Care Fund

FIDUCIARY FUND TYPES:

Expendable Trust Funds:

Activity Funds  
S. Andrew Bishop Memorial Scholarship Fund  
Nancy Belleville Memorial Fund

Non-Expendable Trust Fund:

Jerry City Lodge Scholarship Fund

Agency Fund:

Student Managed Activity Funds



SERVICES, INC.

INDEPENDENT AUDITOR'S REPORT

Board of Education  
Elmwood Local School District, Wood County

We have audited the accompanying financial statements of the Elmwood Local School District (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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.

Ohio Administrative Code Section 117-2-01 requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the District prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Elmwood Local School District, as of June 30, 2000, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2000, 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.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Pry CPA Services, Inc.  
Findlay, Ohio  
July 24, 2000



ELMWOOD LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF CASH, INVESTMENTS, AND FUND  
 CASH BALANCES - ALL FUND TYPES  
 AS OF JUNE 30, 2000

POOLED CASH AND INVESTMENTS

Cash	<u>\$4,486,358</u>
Total	<u><u>\$4,486,358</u></u>

FUND CASH BALANCES BY FUND TYPE

Governmental Funds:	
General Fund	\$3,959,861
Special Revenue Funds	274,253
Debt Service Fund	95,342
Capital Projects Fund	7,341
Proprietary Funds:	
Enterprise Funds	59,516
Fiduciary Funds:	
Nonexpendable Trust	30,000
Agency	47,045
Expendable Trust	<u>13,000</u>
Total	<u><u>\$4,486,358</u></u>

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE  
 FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types			Fiduciary	Total	
	General	Special Revenue	Debt Service	Expendable Trust	(Memorandum Only)	
Revenue From Local Sources:						
Taxes	\$ 2,691,950		\$ 292,604		\$ 2,984,554	
Tuition	7,853	\$27,033			34,886	
Earnings on Investments	263,443				263,443	
Extracurricular Activities		135,059			135,059	
Classroom Materials and Fees	5,296				5,296	
Miscellaneous	1,627	37,697		\$5,000	44,324	
Revenue From State Sources:						
Unrestricted Grants-in-Aid	4,489,583	25,000	21,188		4,535,771	
Restricted Grants-in-Aid	42,538	353,606		\$351,055	747,199	
Revenue From Federal Sources:						
Restricted Grants-in-Aid		285,515		18,433	303,948	
Total Revenue Received	7,502,290	863,910	313,792	369,488	5,000	9,054,480
Instruction:						
Regular	3,059,242	274,264		36,169	699	3,370,374
Special	560,421	150,445				710,866
Vocational Education	194,258					194,258
Adult/Continuing		1,643				1,643
Other Instruction	6,997					6,997
Supporting Services:						
Pupils	324,850	135,124				459,974
Instructional Staff	141,111	73,935				215,046
Board of Education	31,078					31,078
Administration	640,261	30,837				671,098
Fiscal Services	239,252	20,579	1,258			261,089
Business	9,066					9,066
Operation & Maintenance Plant	698,236	24,556				722,792
Pupil Transport	453,011	32,501				485,512
Central	13,318	1,340				14,658
Capital Outlay				498,150		498,150
Operation of Non-Instructional Service:						
Food Services Operations		19,460				19,460
Community Services		1,326				1,326
Extracurricular Activities:						
Academic & Subject Oriented	32,813	6,345				39,158
Sports Oriented	142,806	99,387				242,193
Repayment of Debt			281,737			281,737
Total Expenditures	6,546,720	871,742	282,995	534,319	699	8,236,475
Total Revenue Received Over (Under)						
Expenditures Disbursed	\$ 955,570	\$ (7,832)	\$ 30,797	\$ (164,831)	\$ 4,301	\$ 818,005

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types			Fiduciary	Total
	General	Special Revenue	Debt Service	Capital Projects	Expendable (Memorandum Trust Only)
Other Financing Sources (Uses):					
Transfers-In	\$ 18,424	\$ 32,036		\$ 665	\$ 51,125
Advances-In				\$ 48,150	48,150
Refund of Prior Year Expenditures	21				21
Transfers-Out	(35,365)	(2,716)			(38,081)
Advances-Out	(67,922)				(67,922)
Other Miscellaneous		(441)			(441)
Total Other Financing Sources (Uses)	(84,842)	28,879	\$0	48,150	665
Excess of Revenue Received and Other Financing Sources Over Expenditures Disbursed and Other Financing Uses	870,728	21,047	30,797	(116,681)	4,966
Fund Cash Balance, Beginning of Year	3,089,133	253,206	64,545	124,022	8,034
Fund Cash Balance, End of Year	\$ 3,959,861	\$ 274,253	\$ 95,342	\$ 7,341	\$ 13,000
					\$ 4,349,797

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES  
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2000

	Proprietary Fund Type	Fiduciary Fund Type		Total
	Enterprise	Nonexpendable Trust	Agency	(Memorandum Only)
Operating Revenues:				
Earnings on Investments	\$3,476			\$3,476
Food Services	237,255			237,255
Classroom Materials and Fees	47,288			47,288
Extracurricular Activities			\$71,216	71,216
Total Operating Revenues	288,019	\$0	71,216	359,235
Operating Disbursements:				
Personal Services -Salaries	111,850			111,850
Employee's Retirement Insurance	64,063			64,063
Purchased Services	3,725		17,750	21,475
Materials and Supplies	189,424		35,907	225,331
Capital Outlay	2,282		1,165	3,447
Capital Outlay-Replacement	5,186			5,186
Other	680	1,700	6,973	9,353
Total Operating Disbursements	377,210	1,700	61,795	440,705
Excess of Operating Receipts Over (Under) Operating Disbursements	(89,191)	(1,700)	9,421	(81,470)
Nonoperating Revenue:				
State Sources:				
Restricted Grants-in-Aid	5,615			5,615
Federal Sources:				
Restricted Grants-in-Aid	98,562			98,562
Miscellaneous	23		2,652	2,675
Total Nonoperating Receipts	104,200	0	2,652	106,852
Excess of Revenue Over / (Under)				
Expenses Before Interfund Transfers and Advances	15,009	(1,700)	12,073	25,382
Other Financing Sources (Uses):				
Operating Transfers-In	1,000	1,700	2,000	4,700
Advances-In	19,772			19,772
Operating Transfers-Out	(15,127)		(2,617)	(17,744)
Advances-Out				
Total Other Financing Sources (Uses)	5,645	1,700	(617)	6,728
Net Excess of Revenues Over/(Under) Expenses	20,654	0	11,456	32,110
Fund Cash Balance, Beginning of Year	38,862	30,000	35,589	104,451
Fund Cash Balance, End of Year	\$ 59,516	\$ 30,000	\$ 47,045	\$ 136,561

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF BUDGET AND ACTUAL RECEIPTS - ALL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2000

	<u>Budget</u>	<u>Actual</u>	Variance Favorable/ (Unfavorable)
Governmental:			
General	\$ 9,307,101	\$ 7,520,735	(\$1,786,366)
Special Revenue	881,927	895,946	14,019
Debt Service	187,196	313,792	126,596
Capital Projects	<u>401,223</u>	<u>417,638</u>	<u>16,415</u>
Total Governmental	10,777,447	9,148,111	(1,629,336)
Proprietary:			
Enterprise	403,738	392,219	(11,519)
Fiduciary:			
Trust and Agency	<u>69,043</u>	<u>83,233</u>	<u>14,190</u>
Total (Memorandum Only)	<u>\$ 11,250,228</u>	<u>\$ 9,623,563</u>	<u>(\$1,626,665)</u>

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES  
 COMPARED WITH EXPENDITURE AUTHORITY - ALL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2000

	Prior Year Carryover <u>Appropriations</u>	2000 <u>Appropriations</u>	<u>Total</u>
<b>Governmental Funds:</b>			
General	\$ 182,162	\$ 9,173,305	\$ 9,355,467
Special Revenue	22,493	877,836	900,329
Debt Service		285,048	285,048
Capital Projects	<u>94,355</u>	<u>439,964</u>	<u>534,319</u>
Total Governmental	299,010	10,776,153	11,075,163
<b>Proprietary Fund:</b>			
Enterprise	15,913	387,465	403,378
<b>Fiduciary Fund:</b>			
Trust and Agency	<u>3,254</u>	<u>78,883</u>	<u>82,137</u>
Total (Memorandum Only)	<u>\$ 318,177</u>	<u>\$ 11,242,501</u>	<u>\$ 11,560,678</u>

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT  
 COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES  
 COMPARED WITH EXPENDITURE AUTHORITY - ALL FUND TYPES (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2000

	<u>Actual 2000 Disbursements</u>	<u>Encumbrances Outstanding At 6/30/2000</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental Funds:				
General	\$ 6,650,007	\$ 74,325	\$ 6,724,332	\$ 2,631,135
Special Revenue	874,899	25,430	900,329	0
Debt Service	282,995		282,995	2,053
Capital Projects	<u>534,319</u>		<u>534,319</u>	<u>0</u>
Total Governmental	8,342,220	99,755	8,441,975	2,633,188
Proprietary Fund:				
Enterprise	392,337	11,043	403,380	(2)
Fiduciary Fund:				
Trust and Agency	<u>66,112</u>	<u>14,715</u>	<u>80,827</u>	<u>1,310</u>
Total (Memorandum Only)	<u>\$ 8,800,669</u>	<u>\$ 125,513</u>	<u>\$ 8,926,182</u>	<u>\$ 2,634,496</u>

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Elmwood Local School District, Wood County (the District), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Elmwood Local School District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for providing public education to residents of the District. The Elmwood Local School District has its own fiscal officer, who is appointed to office by the Board.

Average daily membership (ADM) for fiscal year-end June 30, 2000, was 1,241 (actual measurement dates are the first full school week in October). In addition, the District employed a monthly average of 111 certified employees and 65 non-certified employees.

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity." The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to the relationship to the District.

*Joint Venture Without Equity Interest:*

Northern Ohio Educational Computer Association - The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among thirty-eight area school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member school districts and service Districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating District and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two assembly members from each county in which participating service centers are located. Each district's authority is limited to its representation on the Board. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

*Jointly Governed Organizations:*

Penta County Joint Vocational School

The vocational school district is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The school accepts non-tuition students from the District as a member school, however, it is considered a separate political subdivision and is not considered to be part of the District.



ELMWOOD LOCAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING

Although required by Ohio Administrative Code Section 117-2-01 to prepare its annual financial report in accordance with generally accepted accounting principles, the District chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

C. 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 this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented in the "Cash Balances By Fund Type" section on the Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types.

During fiscal year 2000, the District's investments were limited to overnight repurchase agreements, STAR Ohio, and a certificate of deposit. During the fiscal year, all investments of the District had a maturity of two years or less.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. 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 2(a)(7) of the Investment Company Act of 1940.

Investment procedures are restricted by the provisions of the Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

D. FUND ACCOUNTING

The District maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The purpose(s) of each class of funds are as follows:

ELMWOOD LOCAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

To account for proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Funds

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

PROPRIETARY FUNDS

Enterprise Funds

To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has 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 FUNDS

Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the fiduciary fund types:

Expendable Trust Funds

These funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Funds

These funds are accounted for in essentially the same manner as proprietary funds.

Agency Funds

These funds are accounted for in essentially the same manner as proprietary funds.

ELMWOOD LOCAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the county auditors, as secretary for the county budget commission, by January 20 of each year, for the subsequent July 1 to June 30 fiscal year.

2. Estimated Resources

The county budget commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.

Prior to June 30, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 2000, unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

4. Encumbrances

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

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 appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

F. PROPERTY, PLANT AND EQUIPMENT

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for fixed assets, as these items are not capitalized.

ELMWOOD LOCAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. ACCUMULATED UNPAID VACATION, PERSONAL AND SICK LEAVE

Accumulated unpaid vacation, personal leave, sick pay and compensatory time are not accrued under the cash basis of accounting described in Note 1. At June 30, 2000, management estimates that \$2,888,622 in sick leave, and \$42,820 in vacation leave have been accumulated by the employees of the District. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practicable to determine the actuarial value of these benefits as of June 30, 2000.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

2. DEBT OBLIGATIONS

Debt outstanding at June 30, 2000, consisted of the following:

General Obligation Bonds:	
June 30, 2000 Principal Outstanding	\$525,000
Interest Rate	9.5%

Outstanding general obligation bonds consist of school building construction issues. General obligation bonds are direct obligations of the District for which its full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property in the District.

The District executed a promissory note for \$404,414 with Mid American National Bank & Trust on December 14, 1992. The proceeds were used for installation of energy conservation measures.

Energy Note:	
June 30, 2000 Principal Outstanding	\$204,414
Interest Rate	5.25%

The annual requirements to amortize all debt outstanding as of June 30, 2000, including interest payments of \$195,778 are as follows:

Year Ending June 30,	General Obligation Bonds	Notes Payable	Total
2001	\$121,313	\$81,146	\$202,459
2002	114,118	74,035	188,153
2003	107,062	70,517	177,579
2004	99,938		99,938
2005	92,813		92,813
2006 and thereafter	164,250		164,250
TOTAL	\$699,494	\$225,698	\$925,192

ELMWOOD LOCAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2000

3. PROPERTY TAX

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 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 thirty-five 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 eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five 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 twenty-five percent of true value.

The assessed values upon which the fiscal year 2000 taxes were collected are:

<u>Description</u>	<u>Wood County</u>	<u>Hancock County</u>
Agricultural / Residential	\$50,327,610	\$1,749,640
Commercial/Industry	2,243,490	
Public Utility	82,790	
Personal Property - General	3,070,862	101,980
Personal Property - Public Utilities	10,620,550	138,790
Minerals	2,000	
Total	<u>\$66,347,302</u>	<u>\$1,990,410</u>
 Tax rate per \$1,000 of assessed valuation	 \$ 37.00	 \$ 37.00

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 District receives property taxes from Wood and Hancock Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations.

4. POOLED CASH AND INVESTMENTS

Legal Requirements

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

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

ELMWOOD LOCAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000

4. POOLED CASH AND INVESTMENTS (Continued)

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

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

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

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

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

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

ELMWOOD LOCAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2000

4. POOLED CASH AND INVESTMENTS (Continued)

Cash on Hand

At fiscal year-end, the District had \$250 in undeposited cash which is included on the Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types, as part of the line item titled "Cash."

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."

Deposits

At fiscal year-end, the carrying amount of the District's deposits was \$983,948 and the bank balance was \$1,145,247. Of the bank balance, \$245,247 was covered by federal depository insurance. The remaining amounts were adequately covered by pledged collateral. Although the Securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

Investments

GASB Statement No. 3, "Deposits with Financial Institution, Investments and Reverse Repurchase Agreements," requires that local governments disclose the carrying amounts and market values of investments, classified by risk. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. Investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are considered an unclassified investment since they are not evidenced by securities that exist in physical or book entry form.

	Risk Category			Carrying Value	Market Value
	1	2	3		
STAR Ohio				\$3,502,160	\$3,502,160
Totals	\$0	\$0	\$0	\$3,502,160	\$3,502,160

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Government Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and investments on the financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash	Investments
GASB Statement No. 9	\$4,486,358	
Cash on Hand	(250)	
Investments:		
STAROhio	(3,502,160)	\$3,502,160
GASB Statement No. 3	\$983,948	\$3,502,160

ELMWOOD LOCAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2000

5. LEASING ARRANGEMENTS

The District has obtained copiers for use in its school buildings through a five-year noncancellable lease expiring in September 2000.

The following is a schedule of future minimum rental payments required under the above operating lease as of June 30, 2000:

Year Ending June 30,	<u>Amount</u>
2001	<u>\$5,889</u>
TOTAL	<u><u>\$5,889</u></u>

6. RELATED ORGANIZATION

The Wayne Public Library is a related organization to the District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the 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. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. The Library did not receive any funding from the District during fiscal year 1999.

7. PENSION AND RETIREMENT PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to SERS, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of covered payroll. 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 contributions to SERS for the years ended June 30, 2000, 1999, and 1998 were \$134,081, \$135,507, and \$181,418, respectively, equal to the required contributions for each year.

B. 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 basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit 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 for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street; Columbus, Ohio 43215-3771 or by calling (614) 227-4090.



ELMWOOD LOCAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000

7. PENSION AND RETIREMENT PLANS (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 12% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the fiscal years ending June 30, 2000, 1999 and 1998 were \$510,268, \$500,208, and \$505,788, respectively, equal to the required contributions for each year.

C. SOCIAL SECURITY TAX

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, the School Employees Retirement System or the State Teachers Retirement System. As of June 30, 2000, one Board of Education member has elected Social Security. The Board's liability is 6.20% of wages paid.

8. POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The Ohio Revised Code gives SERS the discretionary authority to provide postemployment health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, 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 upon years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 1999 (the latest information available), the allocation rate is 6.30%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999, the minimum pay had been established as \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

B. STATE TEACHERS RETIREMENT SYSTEM

STRS provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code (ORC), the State Teachers Retirement Board (the board) has discretionary 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.

ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll.

ELMWOOD LOCAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000

8. POSTEMPLOYMENT BENEFITS (Continued)

The board currently allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 1999 (the latest information available), the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,783 billion on June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000, will be 8% of covered payroll.

For the year ended June 30, 1999, the net health care costs paid by STRS Ohio were \$249,929,000. There were 95,796 eligible benefit recipients.

9. INSURANCE

The District is exposed to various risks of loss related to torts; theft of or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive insurance coverage for real property, building contents, vehicles, and instruments as follows:

Type of Coverage	Coverage	Deductible
Property (all building and contents)	\$26,368,700	\$1,000
Accounts Receivable	500,000	250
General Umbrella Liability (aggregate limit)	3,000,000	0
General Umbrella Liability (each occurrence limit)	3,000,000	0
Employer's Liability (aggregate)	5,000,000	1,000
Employer's Liability (per occurrence)	2,000,000	1,000
Business Income	500,000	0
Bodily Injury (each accident)	2,000,000	0
Fire Damage Limit (per occurrence)	100,000	0
Medical Expense Limit (per person)	5,000	0
Musical Instruments	500,000	250
Electronic Data Processing Hardware	572,604	500
Electronic Data Processing Software	153,666	500
Mobile Radios	30,613	250
Auto Liability (per occurrence)	2,000,000	0
Auto Medical Payments (per occurrence)	3,000	0
Uninsured Motorist (per occurrence)	2,000,000	0
Auto Fleet Physical Damage	Cash value/Cost of Repair	A
Extra Expense	500,000	0
Miscellaneous School Equipment Including Ground Maintenance Equipment-Not Including Autos	500,000	250

A) Deductibles of \$250 and \$1,000 apply to comprehensive and collision coverages, respectively. Settled claims have not exceeded commercial insurance coverage in any of the past four fiscal years.

ELMWOOD LOCAL SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2000

10. CONTINGENCIES

Grants:

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally required compliance with terms and conditions specified in the grant agreements and is subject to audit by 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 District at June 30, 2000.

11. COMPLIANCE

The following funds had appropriations in excess of estimated revenues during the fiscal year ended June 30, 2000.

416-9096	Professional Development
455-9098	Instructional Material Subsidy
573-9099	Title VI
584-9094	Drug-Free School Grant
584-9098	Drug-Free School Grant

No fund had an excess of expenditures over appropriations at June 30, 2000.

12. SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$4,307,169 of school foundation support for its general fund, and \$4,308,619 in total (all funds) support.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

ELMWOOD LOCAL SCHOOL DISTRICT  
 NOTES TO THE FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2000

13. INCOME TAX

The District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1996, and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

14. STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance July 1, 1999			\$54,388	\$54,388
Required Set-Aside	\$163,165	\$163,165	54,389	380,719
Offset Credits				0
Qualifying Expenditures	(151,348)	(194,589)		(345,937)
Total	<u>\$11,817</u>	<u>(\$31,424)</u>	<u>\$108,777</u>	<u>\$89,170</u>
Cash Balance Carried Forward to Fiscal Year 2001	<u>\$11,817</u>		<u>\$108,777</u>	<u>\$120,594</u>

ELMWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - NON-GAAP BASIS  
FOR THE YEAR ENDED JUNE 30, 2000

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title/	Federal CFDA Number	Agency or Pass- Through Number	Program or Award Amount
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through Ohio Department of Education			
Migrant Education - Basic State Grant Program	84.011	05682MGS199	\$65,000
Migrant Education - Basic State Grant Program	84.011	05682MGS100	66,500
Title 1 - Grants to Local Educational Agencies	84.010	05682C1S198	102,266
Title 1 - Grants to Local Educational Agencies	84.010	05682C1S199	102,266
Title 1 - Grants to Local Educational Agencies	84.010	05682C1S100	102,266
Safe and Drug Free Schools	84.186	050682DRS194	7,921
Safe and Drug Free Schools	84.186	050682DRS195	5,808
Safe and Drug Free Schools	84.186	050682DRS198	6,820
Safe and Drug Free Schools	84.186	050682DRS199	6,515
Safe and Drug Free Schools	84.186	050682DRS100	5,319
Goals 2000	84.276	050682G2S397	8,900
Goals 2000	84.276	050682G2S499	10,000
Goals 2000	84.276	050682G2S200	3,000
Eisenhower Professional Development	84.281	050682MSS198	4,844
Eisenhower Professional Development	84.281	050682MSS199	1,546
Innovative Education Program Strategies	84.298	050682C2S199	4,639
Innovative Education Program Strategies	84.298	050682C2S2000	6,191
Special Education Cluster:			
Special Education - Grants to States	84.027	0506826BSF99P	73,124
Special Education - Grants to States	84.027	0506826BSF00P	89,121
Special Education - Preschool Grants	84.173	050682PGS199P	6,591
Speical Education - Preschool Grants	84.173	050682PGS2000P	6,884
Total Special Education Cluster			
Title VI R	84.340	050682CRSI2000	21,707
TOTAL DEPARTMENT OF EDUCATION			

<u>Fund Cash Balance at 7/1/1999</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Expenditures</u>	<u>Fund Cash Balance at 6/30/2000</u>
\$65,000	\$65,000	\$61,505	\$68,495
66,500			66,500
<u>131,500</u>	<u>65,000</u>	<u>61,505</u>	<u>134,995</u>
480			480
102,266		20,480	81,786
102,266	102,266	106,538	97,994
<u>205,012</u>	<u>102,266</u>	<u>127,018</u>	<u>180,260</u>
827		(3,920)	4,747
3,152		824	2,328
0		(33)	33
6,447		6,438	9
5,319	5,319	3,586	7,052
<u>15,745</u>	<u>5,319</u>	<u>6,895</u>	<u>14,169</u>
2,607			2,607
9,465		2,607	6,858
0	3,000	3,940	(940)
<u>12,072</u>	<u>3,000</u>	<u>6,547</u>	<u>8,525</u>
1,341		1,341	0
	1,546	0	1,546
<u>1,341</u>	<u>1,546</u>	<u>1,341</u>	<u>1,546</u>
242	818	(272)	1,332
6,191	6,191	4,570	7,812
<u>6,433</u>	<u>7,009</u>	<u>4,298</u>	<u>9,144</u>
15,397		15,350	47
89,121	89,121	87,910	90,332
914		914	0
6,884	6,884	6,060	7,708
<u>112,316</u>	<u>96,005</u>	<u>110,234</u>	<u>98,087</u>
21,707	21,707	21,549	21,865
<u>21,707</u>	<u>21,707</u>	<u>21,549</u>	<u>21,865</u>
\$506,126	\$301,852	\$339,387	\$468,591

ELMWOOD LOCAL SCHOOL DISTRICT  
WOOD COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - NON-GAAP BASIS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2000

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title/	Federal CFDA Number	Agency or Pass- Through Number	Program or Award Amount
U.S. DEPARTMENT OF AGRICULTURE-Nutrition Cluster Passed Through Ohio Department of Education National School Lunch Program	10.555	05068204PU0000	
Breakfast Federal Aid-Public	10.558	05068205PU0099	
Food Distribution Program - Note B	10.550		
TOTAL DEPARTMENT OF AGRICULTURE - Nutrition Cluster			
GRAND TOTAL			

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Elmwood Local School District and is presented on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. At June 30, 2000, the District had food commodities totaling \$10,143 in inventory. An assumption was made that food received plus the 7/1/99 inventory of donated food, less the inventory balance of donated food at 6/30/99 equals the donated food disbursed (utilized) during the period.

<u>Fund Cash Balance at 7/1/1999</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements Expenditures</u>	<u>Fund Cash Balance at 6/30/2000</u>
\$0	\$97,557	\$97,557	\$0
0	3,101	2,261	840
	<u>31,531</u>	<u>33,240</u>	<u>(1,709)</u>
<u>0</u>	<u>132,189</u>	<u>133,058</u>	<u>(869)</u>
<u>\$506,126</u>	<u>\$434,041</u>	<u>\$472,445</u>	<u>\$467,722</u>



ELMWOOD LOCAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2000

**MATERIAL NONCOMPLIANCE**

99-1 Section 117-2-01, Administrative Code

Condition: The District did not issue GAAP financial statements for the fiscal year ending June 30, 1999.

Current Status: Condition still exists. See item 2000-1.

Section 5705.39, Revised Code

Condition: Appropriations exceeded estimated resources.

Current Status: Condition still exists. See item 2000-2.

REPORTABLE CONDITIONS – None Noted



SERVICES, INC.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

Board of Education  
Elmwood Local School District, Wood County

We have audited the financial statements of Elmwood Local School District (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated July 24, 2000, which included an explanatory paragraph due to District's financial statements being presented on a basis of accounting formerly permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 2000-1 and 2000-2. Also, we noted certain immaterial instances of noncompliance that we have reported to management of Elmwood Local School District in a separate letter dated July 24, 2000.

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 other matters involving the internal control over financial reporting that we have reported to management of Elmwood Local School District, Ohio, in a separate letter dated July 24, 2000.

This report is intended solely for the information and use of the board of education, management, 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.

**Pry CPA Services, Inc.**

Findlay, Ohio  
July 24, 2000



SERVICES, INC.

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

Board of Education  
Elmwood Local School District

Compliance

We have audited the compliance of Elmwood Local School District (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, 2000. Elmwood Local School District's major federal program is identified in the summary of auditors results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Elmwood Local School District's management. Our responsibility is to express an opinion on Elmwood Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Elmwood Local School 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 of Elmwood Local School District's compliance with those requirements.

In our opinion, Elmwood Local School 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, 2000.

Internal Control Over Compliance

The management of Elmwood Local School 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 Elmwood Local School 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 the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a 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 solely for the information and use of the board of education, management, 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.

Pry CPA Services, Inc.

Findlay, Ohio  
July 24, 2000

ELMWOOD LOCAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2000

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the financial statements of Elmwood Local School District.
2. No reportable conditions were disclosed during the audit of the financial statements is reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. Two instances of noncompliance material to the financial statements of Elmwood Local School District were disclosed during the audit.
4. The auditor's report on compliance for the major federal award program for Elmwood Local School District expresses an unqualified opinion.
5. The audit disclosed no findings relative to the major federal award programs for Elmwood Local School District that are required to be reported in Part C of this Schedule.
6. The programs tested as major programs included:

<u>Program</u>	<u>CFDA#</u>
Migrant education	84.011
Handicapped preschool	84.173
Education for all handicapped	84.027

7. The threshold for distinguishing Type A and B programs is \$300,000. There are no Type A Programs.
8. It was determined that Elmwood Local School District is a "low-risk auditee."

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**NONCOMPLIANCE**

2000-1 Ohio Administrative Code Section 117-2-01 requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepares its financial statements of the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

ELMWOOD LOCAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2000

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued)**

NONCOMPLIANCE (Continued)

2000-2 Section 5705.39, Revised Code, requires that total appropriations from each fund cannot exceed the total estimated revenue for each fund.

During audit procedures we noted that the following funds had appropriations in excess of estimated revenue during the fiscal year ended June 30, 2000:

416-9096	Professional Development
455-9098	Instructional Material Subsidy
573-9099	Title VI
584-9094	Drug-Free School Grant
584-9098	Drug-Free School Grant

REPORTABLE CONDITIONS – None noted

**C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

NONE

ELMWOOD LOCAL SCHOOL DISTRICT, OHIO  
CONCLUSION STATEMENT

The audit report, including citations and recommendations, was reviewed with and acknowledged by the following officials on September 7, 2000.

Harold Bower, Superintendent

Veronica Reinhart, Treasurer

They were informed that officials had five working days from the date of the post-audit conference to respond to, or contest, in writing, the report contents. No comments were received.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**ELMWOOD LOCAL SCHOOL DISTRICT**

**WOOD 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  
FEBRUARY 13, 2001**