

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

***FINANCIAL STATEMENTS
(AUDITED)***

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2010**

LuANN VANEK, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Education
Elmwood Local School District
7650 Jerry City Road
Bloomdale, Ohio 44817

We have reviewed the *Independent Auditor's Report* of the Elmwood Local School District, Wood County, prepared by Julian & Grube, Inc., for the audit period July 1, 2009 through June 30, 2010. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 6, 2010

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**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Board of Education
Elmwood Local School District
7650 Jerry City Road
Bloomdale, Ohio 44817

To the Members of the Board of Education:

We have audited the accompanying financial statements of the Elmwood Local School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Elmwood Local School 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ohio Administrative Code Section 117-2-03 (B) requires the Elmwood Local School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes have been prepared on an accounting basis not in accordance with these generally accepted accounting principles. The accompanying financial statements and notes omit entity wide statements, and assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the accompanying financial statements do not present fairly the financial position, results of operations of the Elmwood Local School District as of and for the fiscal year ended June 30, 2010 in accordance with accounting principles generally accepted in the United States of America.

The Elmwood Local School District has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

Independent Auditor's Report
Elmwood Local School District
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2010 on our consideration of the Elmwood Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Elmwood Local School District's financial statements. The Schedule of Receipts and Expenditures of Federal Awards presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the financial statements. We subjected this schedule to the auditing procedures applied in our audit of the Elmwood Local School District's financial statements. For reasons stated in the third paragraph, the financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Elmwood Local School District, as of June 30, 2010, or its changes in financial position for the fiscal year then ended. Therefore we are unable to express, and we do not express, an opinion on the Schedule of Receipts and Expenditures of Federal Awards.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
October 29, 2010

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**COMBINED STATEMENT OF FUND BALANCES
ALL FUND TYPES - CASH BASIS
JUNE 30, 2010**

<u>Cash and Cash Equivalents</u>	<u>2010</u>
Cash and Cash Equivalents	\$ 6,578,958
Total Cash and Cash Equivalents	\$ 6,578,958
<u>Cash Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General	\$ 5,526,804
Special Revenue	680,984
Debt Service	135,246
Capital Projects	30
Total Governmental Fund Types	<u>6,343,064</u>
<u>Proprietary Fund Type:</u>	
Enterprise	<u>90,885</u>
<u>Fiduciary Fund Types:</u>	
Private Purpose Trust	82,846
Agency	<u>62,163</u>
Total Fiduciary Fund Types	<u>145,009</u>
Total Cash Fund Balances	\$ 6,578,958

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
From local sources:					
Taxes	\$ 3,572,599	\$ 42,715	\$ 225,001	\$ -	\$ 3,840,315
Earnings on investments	78,236	11,215	293	-	89,744
Extracurricular activities	-	230,753	-	-	230,753
Classroom materials and fees	48,498	-	-	-	48,498
Tuition	289,973	-	-	-	289,973
Intergovernmental - state	6,650,974	235,561	32,691	-	6,919,226
Intergovernmental - federal	-	998,996	-	-	998,996
Miscellaneous	56,164	41,613	-	3,330	101,107
Total cash receipts	10,696,444	1,560,853	257,985	3,330	12,518,612
Cash disbursements:					
Current:					
Instruction:					
Regular	5,013,373	66,627	-	-	5,080,000
Special	987,336	526,341	-	-	1,513,677
Vocational	267,256	-	-	-	267,256
Other	10,513	-	-	-	10,513
Support Services:					
Pupil	469,442	92,078	-	-	561,520
Instructional staff	782,801	60,503	-	-	843,304
Board of Education	77,301	-	-	-	77,301
Administration	812,624	5,272	-	-	817,896
Fiscal services	320,203	1,783	3,600	-	325,586
Business	16,606	-	-	-	16,606
Operations and maintenance	834,901	386,406	-	-	1,221,307
Pupil transportation	554,611	98,396	-	-	653,007
Central	70,142	11,860	-	-	82,002
Non-Instructional services	80,315	8,456	-	-	88,771
Extracurricular activities	296,072	251,984	-	-	548,056
Facilities acquisition and construction services	-	-	-	3,300	3,300
Debt service:					
Principal retirement	-	-	130,000	-	130,000
Interest and fiscal charges	-	-	141,895	-	141,895
Total cash disbursements	10,593,496	1,509,706	275,495	3,300	12,381,997
Total cash receipts over/ (under) cash disbursements	102,948	51,147	(17,510)	30	136,615
Other financing receipts/(disbursements):					
Advances-in	8,764	-	-	-	8,764
Advances-out	-	(8,500)	-	-	(8,500)
Total other financing receipts/(disbursements)	8,764	(8,500)	-	-	264
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	111,712	42,647	(17,510)	30	136,879
Cash fund balances, July 1, 2009	5,415,092	638,337	152,756	-	6,206,185
Cash fund balances, June 30, 2010	<u>\$ 5,526,804</u>	<u>\$ 680,984</u>	<u>\$ 135,246</u>	<u>\$ 30</u>	<u>\$ 6,343,064</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Proprietary Fund Type	Fiduciary Fund Types		Total
	Enterprise	Private Purpose Trust	Agency	(Memorandum Only)
Operating cash receipts:				
Sales/charges for services	\$ 325,205	\$ -	\$ -	\$ 325,205
Extracurricular activities	-	-	135,516	135,516
Total operating cash receipts	<u>325,205</u>	<u>-</u>	<u>135,516</u>	<u>460,721</u>
Operating cash disbursements:				
Personal services	137,399	-	-	137,399
Employees' retirement and insurance	57,172	-	-	57,172
Purchased services	6,369	-	-	6,369
Supplies and material	257,154	-	-	257,154
Capital outlay	1,120	-	-	1,120
Other	1,312	8,075	139,149	148,536
Total operating cash disbursements	<u>460,526</u>	<u>8,075</u>	<u>139,149</u>	<u>607,750</u>
Operating income/(loss)	<u>(135,321)</u>	<u>(8,075)</u>	<u>(3,633)</u>	<u>(147,029)</u>
Nonoperating cash receipts:				
Interest income	60	122	-	182
Federal sources	208,922	-	-	208,922
State sources	4,046	-	-	4,046
Other	11,897	16,077	8,256	36,230
Total nonoperating cash receipts	<u>224,925</u>	<u>16,199</u>	<u>8,256</u>	<u>249,380</u>
Excess of receipts over/(under) disbursements before interfund advances	89,604	8,124	4,623	102,351
Advances-out	<u>(264)</u>	<u>-</u>	<u>-</u>	<u>(264)</u>
Net income/(loss)	89,340	8,124	4,623	102,087
Cash fund balances, July 1, 2009	<u>1,545</u>	<u>74,722</u>	<u>57,540</u>	<u>133,807</u>
Cash fund balances, June 30, 2010	<u>\$ 90,885</u>	<u>\$ 82,846</u>	<u>\$ 62,163</u>	<u>\$ 235,894</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	2010 Estimated Receipts	Total Estimated Resources	Actual 2010 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2010 Appropriations	Total	Actual 2010 Disbursements	Encumbrances Outstanding at 6/30/10	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 5,371,273	\$ 10,794,198	\$ 16,165,471	\$ 10,705,208	\$ (88,990)	\$ 43,819	\$ 11,562,575	\$ 11,606,394	\$ 10,593,496	\$ 55,430	\$ 10,648,926	\$ 957,468
Special Revenue	631,403	1,623,162	2,254,565	1,560,853	(62,309)	6,934	1,656,751	1,663,685	1,518,206	5,640	1,523,846	139,839
Debt Service	152,756	248,455	401,211	257,985	9,530	-	276,000	276,000	275,495	-	275,495	505
Capital Projects	-	3,330	3,330	3,330	-	-	3,330	3,330	3,300	-	3,300	30
Proprietary:												
Enterprise	1,545	582,000	583,545	550,130	(31,870)	-	530,000	530,000	460,790	-	460,790	69,210
Fiduciary:												
Private Purpose Trust	74,722	7,577	82,299	16,199	8,622	-	12,000	12,000	8,075	-	8,075	3,925
Total (Memorandum Only)	<u>\$ 6,231,699</u>	<u>\$ 13,258,722</u>	<u>\$ 19,490,421</u>	<u>\$ 13,093,705</u>	<u>\$ (165,017)</u>	<u>\$ 50,753</u>	<u>\$ 14,040,656</u>	<u>\$ 14,091,409</u>	<u>\$ 12,859,362</u>	<u>\$ 61,070</u>	<u>\$ 12,920,432</u>	<u>\$ 1,170,977</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

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

Average daily membership (ADM) for fiscal year ended June 30, 2010, was 1,356. In addition, the District employed a monthly average of 99 certified employees and 72 non-certified employees.

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

Jointly Governed Organizations:

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-two user organizations. 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 support 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 Dencer, who serves as Director, at 219 Howard Drive, Sandusky, Ohio 44870.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Penta Career Center

The Penta Career Center 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.

B. BASIS OF ACCOUNTING

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the District chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with accounting principles generally accepted in the United States of America. 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 disbursements when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters in accordance with the basis of accounting described in the preceding paragraph.

C. 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, and accounting entity which stands separate from the activities reported in other funds.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The restrictions associated with each type of fund are as follows:

GOVERNMENTAL FUND TYPES:

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. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

The Special Revenue Fund Type is used to account for proceeds of specific revenue sources (other than private purpose trusts, or major capital projects) that are legally restricted to disbursements for specified purposes. The District had the following significant special revenue funds for the fiscal year ended June 30, 2010:

District Managed Student Activity: This fund is provided to account for those student activity programs which have student participation in the activity, but do not have student management of the programs. This fund receives monies primarily for admission to athletic programs.

Public School Preschool: This fund receives grant monies and tuition payments to assist in paying the cost of preschool programs for three and four year olds.

IDEA, Part B, Special Education, Education of Handicapped Children: This fund receives grant monies to assist in providing an appropriate public education to all children with disabilities.

Fiscal Stabilization Fund: This fund receives grant monies through the American Recovery and Reinvestment Act (ARRA) to assist the District with various operational costs.

Debt Service Funds

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The District had the following debt service fund for the fiscal year ended June 30, 2010:

Bond Retirement Fund: This fund receives tax and intergovernmental monies for the retirement of debt.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

PROPRIETARY FUND TYPE:

Enterprise Funds

The Enterprise Funds are used to account for operations that (a) 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 receipts earned, disbursements incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The District had the following enterprise fund for the fiscal year ended June 30, 2010:

Food Services: This fund receives grant monies and customer fees to record financial transactions related to the District's food service operation.

FIDUCIARY FUND TYPES:

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 District's fiduciary funds include private-purpose trust funds and agency funds. These are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature. The District maintains private-purpose trust funds to account for student scholarships and one agency fund to account for student activities.

The District had the following significant private-purpose trust fund at June 30, 2010:

Friends of Elmwood-Jerry City Lodge - This fund receives donations and distributes to students in accordance with its trust agreement.

The District had the following agency fund at June 30, 2010:

Student Activity (Agency) - This fund receives monies from extracurricular activities to satisfy the objectives of the specific activity.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. BUDGETARY PROCESS

1. Budget

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. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the fiscal 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 legal level of budgetary control is at the fund level. All budgetary modifications at this level may only be made by resolution of the Board of Education.

2. 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 disbursements 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 County Budget Commission for rate determination.

3. Estimated Resources

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated disbursements 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 receipts are identified by the District Treasurer.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated receipts reported in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2010 and do not include the unencumbered fund balances as of July 1, 2009. However, those fund balances are available for appropriations.

4. 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. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary disbursements of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriations, must be approved by the Board of Education. 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. The budget figures which appear in the statement of budgetary comparison 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.

5. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the disbursements of monies are recorded as the equivalent of disbursements on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures may not exceed appropriations at the legal level of control.

6. Lapsing of Appropriations

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

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. CASH AND INVESTMENTS

For reporting purposes, the District considers “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the District with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the District totaled \$89,926 for the fiscal year ended June 30, 2010.

F. PROPERTY, PLANT AND EQUIPMENT

Capital assets acquired or constructed for the District are recorded as disbursements in the fund in the fiscal year expended, and are not capitalized. Depreciation is not recorded for these capital assets.

G. ACCUMULATED UNPAID VACATION, SICK LEAVE AND PERSONAL LEAVE

Accumulated unpaid vacation leave, sick leave, and personal leave are not accrued under the cash basis of accounting described in Note 1. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practical to determine the actuarial value of these benefits as of June 30, 2010.

H. INTERFUND TRANSACTIONS

During the normal course of operations the District had transactions between funds, of which the most significant included advances. Advances are temporary loans to other funds which are ultimately repaid.

I. INTERGOVERNMENTAL RECEIPTS

Intergovernmental receipts, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the District’s cash basis method of accounting.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. TOTAL COLUMNS ON THE 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.

NOTE 2 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax receipts received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 2 - PROPERTY TAXES - (Continued)

Tangible personal property tax receipts received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Wood and Hancock Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real property	\$ 103,655,820	91.55	\$ 105,282,050	91.96
Public utility-real property	110,910	0.10	128,580	0.11
Public Utility - personal property	<u>9,457,640</u>	<u>8.35</u>	<u>9,081,120</u>	<u>7.93</u>
Total	<u>\$ 103,766,730</u>	<u>100.00</u>	<u>\$ 105,410,630</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$40.50		\$40.90

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - CASH AND INVESTMENTS

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

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

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

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

State statute permits interim monies to 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;

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - CASH AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in such securities are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - CASH AND INVESTMENTS - (Continued)

During fiscal year 2010, the District's investments were limited to STAR Ohio and Certificate of Deposits. 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 SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2010.

The carrying amount of cash and investments at June 30, 2010 was as follows:

Deposits:	
Demand deposits	\$ 6,322,587
Cash on hand	250
Investments:	
STAR Ohio	<u>256,121</u>
Total deposits and investments	<u><u>\$ 6,578,958</u></u>

At June 30, 2010, the District had \$6,250 in undeposited cash on hand which is included on the financial statements of the District as cash and cash equivalents.

At June 30, 2010, the carrying amount of all District deposits was \$6,322,587. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$1,716,219 of the District's bank balance of \$6,478,645 was exposed to custodial risk as discussed below, while \$4,762,426 was covered by the Federal Deposit Insurance Corporation.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - CASH AND INVESTMENTS - (Continued)

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

Investments

As of June 30, 2010, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	<u>\$ 256,121</u>	<u>\$ 256,121</u>

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

Credit Risk: The District’s investments in STAR Ohio were assigned an AAAM money market rating by Standard & Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The District’s investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District’s investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - CASH AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 256,121</u>	<u>100.00</u>

NOTE 4 - DEBT OBLIGATIONS

Debt activity and outstanding balances at June 30, 2010, was as follows:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2009</u>	<u>Retired in FY 2010</u>	<u>Outstanding June 30, 2010</u>
School Facilities					
Construction Bonds	Varying	12/1/2023	<u>\$ 2,850,000</u>	<u>\$ (130,000)</u>	<u>\$ 2,720,000</u>
Total			<u>\$ 2,850,000</u>	<u>\$ (130,000)</u>	<u>\$ 2,720,000</u>

On April 15, 2001, the District issued \$3,673,000 School Facilities Construction and Improvement Bonds to fund the construction of the new K-12 facility. This issue is comprised of both current interest bonds at a par value of \$3,158,000 and term bonds at a par value of \$515,000. The interest rates on the current interest bonds range from 3.4% to 5.0%. The term bonds have effective rates of 5.10%. Payments of principal and interest are recorded in the debt service fund.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEBT OBLIGATIONS - (Continued)

Amortization of the above debt, including interest, is scheduled as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>School Facilities Construction Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 140,000	\$ 136,122	\$ 276,122
2012	145,000	129,923	274,923
2013	150,000	122,570	272,570
2014	160,000	113,928	273,928
2015	170,000	104,688	274,688
2016 - 2020	975,000	375,194	1,350,194
2021 - 2024	<u>980,000</u>	<u>102,806</u>	<u>1,082,806</u>
 Total	 <u>\$ 2,720,000</u>	 <u>\$ 1,085,231</u>	 <u>\$ 3,805,231</u>

NOTE 5 - INTERFUND TRANSACTIONS

The District had the following advances for the fiscal year ended June 30, 2010:

<u>Fund Type/Fund</u>	<u>Advance In</u>	<u>Advance Out</u>
General	\$ 8,764	\$ -
<u>Special Revenue Fund</u>		
High School Athletics	-	8,500
<u>Enterprise Fund</u>		
Lunchroom	-	264
Total	<u>\$ 8,764</u>	<u>\$ 8,764</u>

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 6 - RELATED ORGANIZATION

The Wayne Public Library (the “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 determine its own budget. The Library did not receive any funding from the District during fiscal year 2010.

NOTE 7 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$219,835, \$136,452 and \$117,696, respectively; 39.25 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 7 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 7 - PENSION PLANS - (Continued)

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$710,611, \$681,236 and \$671,874, respectively; 84.50 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$19,898 made by the District and \$14,214 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 8 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$32,101, \$86,491 and \$72,080, respectively; 39.25 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$13,073, \$11,258 and \$8,737, respectively; 39.25 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$54,662, \$52,403 and \$50,117, respectively; 84.50 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - EMPLOYEE BENEFITS

A. OTHER EMPLOYEE BENEFITS

The District provides health and major insurance for all eligible employees through Medical Mutual of Ohio. The District pays 90% of a single plan and 85% of a family plan. Those amounts are the same on the Traditional and for the PPO plans for the Certified staff. For the Classified staff - the Board pays 85% for a family plan and 90% for a single plan.

Current monthly premiums for the medical plan are:

Single Traditional - \$567.65
Single PPO (classified) - \$415.13
Family PPO (classified) - \$1,106.42
Single PPO (certified) - \$415.13
Family PPO (certified) - \$1,106.42

Dental coverage is provided through Medical Mutual of Ohio. Premiums for this coverage are the same for both the Certified and Classified staff. The Board pays 100% of the single coverage premium and 85% of the family coverage premium.

Current annual premiums for the dental plan are:

Family Dental - \$97.71
Single Dental - \$35.92

Life Insurance and accidental death and dismemberment insurance to most employees are provided through National Insurance Services. Classified employees have \$35,000 of coverage and Certified employees have \$50,000 of coverage. Administrators are covered at \$40,000 and the Treasurer and Superintendent are covered at twice their salary amount. The Board pays the full premium on life insurance and accidental death and dismemberment.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 9 - EMPLOYEE BENEFITS - (Continued)

B. DEFERRED COMPENSATION

District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year ending June 30, 2010, the District contracted with various insurance companies for property and general liability insurance, including criminal, mechanical, electrical and pressure equipment, inland marine and fleet coverage.

Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years. There have been no significant reductions in amounts of insurance coverage.

The District pays the State Workers' Compensation System a premium based on a rate of \$100 salaries. This rate is calculated based on accident history and administrative costs.

NOTE 11 - INSURANCE PURCHASING POOL

The District participates in a Bureau of Workers' Compensation insurance purchasing pool. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan. 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 Plan. Participation in the Plan is limited to districts that can meet the Plan's selection criteria. The firm of Sheakley Uniservice provides administrative, cost control and actuarial services to the Plan.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 12 - INCOME TAX

The District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. This tax is comprised of two levies of which both were renewed on November 4, 2009; .50% expires January 1, 2016 and .75% expires January 1, 2017. 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 receipts are credited to the General Fund in the amount of \$1,397,339.

NOTE 13 - SET-ASIDE CALCULATIONS

The 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 fiscal year end or offset by similarly restricted resources received during the year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the fiscal year end set-aside amounts for textbooks acquisition and capital acquisition reserves. Disclosure of this information is required by State statute.

	<u>Textbook Reserve</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2009	\$ (1,834,476)	\$ (5,236,578)
Current year set-aside requirement	210,613	210,613
Qualifying off-sets	-	(92,606)
Qualifying disbursements	<u>(366,503)</u>	<u>(54,777)</u>
Total	<u>\$ (1,990,366)</u>	<u>\$ (5,173,348)</u>
Balance carried forward to fiscal year 2011	<u>\$ (1,990,366)</u>	<u>\$ (5,173,348)</u>

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 13 - SET-ASIDE CALCULATIONS - (Continued)

The District had, for the Textbook Reserve, additional qualifying disbursements during the fiscal year that reduced the set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements of future years. During fiscal year 2001, the District issued bonds totaling \$5,473,000 in connection with the building of the District's new K-12 building, which were qualifying offsets. These offsets, in addition to receipts in the Classroom Maintenance fund are eligible to be carried forward to offset the current and future fiscal year's requirements.

NOTE 14 - CONTINGENCIES

A. GRANTS

The District received financial assistance from federal and State agencies in the form of grants. The disbursements of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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 District at June 30, 2010.

B. LITIGATION

The District is not involved in material litigation as either plaintiff or defendant.

SUPPLEMENTARY DATA

**ELMWOOD LOCAL SCHOOL DISTRICT
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
<i>Nutrition Cluster:</i>				
(D) (C) School Breakfast Program	10.553	2010	\$ 22,678	\$ 22,678
(C) (D) National School Lunch Program	10.555	2010	186,244	186,244
(D) (E) National School Lunch Program - Food Donation	10.555	2010	21,741	21,741
Total National School Lunch Program			<u>207,985</u>	<u>207,985</u>
<i>Total Nutrition Cluster</i>			<u>230,663</u>	<u>230,663</u>
Total U.S. Department of Agriculture			<u>230,663</u>	<u>230,663</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
<i>Title I Grant Cluster:</i>				
(F) Title I Grants to Local Educational Agencies	84.010	2010	76,942	76,942
(F) ARRA Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	47,722	47,722
<i>Total Title I Grant Cluster</i>			<u>124,664</u>	<u>124,664</u>
<i>Special Education Grant Cluster:</i>				
(G) Special Education_Grants to States	84.027	2009	16,061	16,061
(G) Special Education_Grants to States	84.027	2010	238,205	238,205
Total Special_Education Grants to State			<u>254,266</u>	<u>254,266</u>
(G) ARRA Special Education_Grants to States, Recovery Act	84.391	2010	159,142	159,142
<i>Total Special Education Grant Cluster</i>			<u>413,408</u>	<u>413,408</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2010	2,868	2,868
Javits Gifted and Talented Students Education Grant Program	84.206	2010	100	-
Education Technology State Grants	84.318	2010	847	847
Improving Teacher Quality State Grants	84.367	2010	39,431	39,431
ARRA State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2010	417,678	417,678
Total U.S. Department of Education			<u>998,996</u>	<u>998,896</u>
Total Federal Financial Assistance			<u>\$ 1,229,659</u>	<u>\$ 1,229,559</u>

(A) OAKS did not assign pass-through numbers for fiscal year 2010

(B) This schedule was prepared on the cash basis of accounting

(C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first in, first out basis

(D) Included as part of "Nutrition Grant Cluster" in determining major programs

(E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value

(F) Included as part of "Title I Grant Cluster" in determining major programs

(G) Included as part of "Special Education Grant Cluster" in determining major programs



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance and Other Matters 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
7650 Jerry City Road
Bloomdale, Ohio 44817

To the Members of the Board of Education:

We have audited the financial statements of the Elmwood Local School District as of and for the year ended June 30, 2010, and have issued our report thereon dated October 29, 2010 wherein we noted the Elmwood Local School District followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America, and is non-compliant with Ohio Administrative Code Section 117-2-03(B) and thus was issued an adverse opinion. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Elmwood Local School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Elmwood Local School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Elmwood Local School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Elmwood Local School District's financial statements will not be prevented, or detected and timely corrected.

Board of Education
Elmwood Local School District

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Elmwood Local School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed one instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2010-ELSD-001.

The Elmwood Local School District's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Elmwood Local School District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities and others within the Elmwood Local School District. We intend it for no one other than these specified parties.



Julian & Grube, Inc.
October 29, 2010



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Each
Major Federal Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

Board of Education
Elmwood Local School District
7650 Jerry City Road
Bloomdale, Ohio 44817

To the Members of the Board of Education:

Compliance

We have audited the compliance of Elmwood Local School District, Wood County, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2010. For the fiscal year ended June 30, 2010, the Elmwood Local School District follows accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America, and is non-compliant with Ohio Administrative Code Section 117-2-03(B) and thus was issued an adverse opinion. The summary of auditor's results section of the accompanying schedule of findings and responses identifies the Elmwood Local School District's major federal programs. The Elmwood Local School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Elmwood Local School 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Elmwood Local School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Elmwood Local School District's compliance with those requirements.

Board of Education
Elmwood Local School District

In our opinion, the Elmwood Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

The Elmwood Local School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Elmwood Local School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Elmwood Local School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

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



Julian & Grube, Inc.
October 29, 2010

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Adverse
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Special Education Cluster: Special Education - Grants to States - CFDA #84.027 and ARRA Special Education - Grants to States, Recovery Act - CFDA #84.391; ARRA State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act - CFDA #84.394
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
OMB CIRCULAR A-133 § .505
JUNE 30, 2010**

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

Finding Number	2010-ELSD-001
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Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). However, as described in Note 1, the District prepares its financial statements on the basis of accounting in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual reports in accordance with accounting principles generally accepted in the United States of America. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The accompanying financial statements omit assets, liabilities, and fund equities, and disclosures that, while material, cannot be determined at this time. The District may be fined and various other administrative remedies may be taken against the District. Also, the lack of complying with this requirement could potentially place federal funding in jeopardy.

We recommend that the District file their financial report in accordance with GAAP. The District may find it beneficial to consult with an accounting firm to assist them in compiling their financial statements in accordance with GAAP.

Client Response: The District is not anticipating having their financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid
2009-ELSD-001	Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). The District prepares its financial statements on the basis of accounting in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual reports in accordance with GAAP.	No	Repeated as finding 2010-ELSD-001



Mary Taylor, CPA
Auditor of State

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
DECEMBER 21, 2010**