



Dave Yost • Auditor of State

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis – June 30, 2010	9
Statement of Activities – Modified Cash Basis – For the Fiscal Year Ended June 30, 2010	10
Fund Financial Statements:	
Statement of Assets and Fund Balances – Modified Cash Basis Governmental Funds – June 30, 2010.....	11
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds – For the Fiscal Year Ended June 30, 2010	12
Statement of Receipts, Disbursements, and Change in Fund Balance Budget and Actual – Budget Basis - General Fund – For the Fiscal Year Ended June 30, 2010	13
Statement of Fiduciary Net Assets – Modified Cash Basis - Fiduciary Funds – June 30, 2010.....	14
Statement of Changes in Fiduciary Net Assets – Modified Cash Basis Fiduciary Funds – For the Fiscal Year Ended June 30, 2010.....	15
Notes to the Basic Financial Statements	17
Schedule of Federal Awards Receipts and Expenditures.....	37
Notes to the Schedule of Federal Awards Receipts and Expenditures	38
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Governmental Auditing Standards</i>	39
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and on Internal Control Over Compliance Required by OMB Circular A-133	41
Schedule of Findings.....	43
Schedule of Prior Audit Findings.....	47
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	49

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Elida Local School District
Allen County
4380 Sunnydale Avenue
Elida, Ohio 45807

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elida Local School District, Allen County, (the School District), as of and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions 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 our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the 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 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Elida Local School District, Allen County, Ohio as of June 30, 2010, and the respective changes in cash financial position and budgetary comparison for the General Fund thereof for the fiscal year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2011, on our consideration of the 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

January 19, 2011

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

The discussion and analysis of the Elida Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010, within the limitations of the modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Key highlights for fiscal year 2010 are as follows:

- In total, net assets decreased \$12,692,893. The fund most affected by the decrease in cash and cash equivalents was the Building Fund, which realized 95 percent of the decrease, and the General Fund realized the remainder. The Other Governmental Fund net assets increased by \$126,403.
- The School District's general receipts, those being primarily property taxes and unrestricted state entitlements were 80 percent of the total cash received during the fiscal year. Dependence on the property taxes and unrestricted state entitlements is significant.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's modified cash basis of accounting.

The School District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. Under the School District's modified cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion with this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

The statement of net assets and the statement of activities provide information about the cash activities of the whole School District.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other non-major funds presented in total in a single column. For Elida Local School District, the General Fund and the Building Fund are the most significant funds.

The notes to the financial statements are an integral part of the basic financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2010, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible.

Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in each position. Factors which contribute to these changes may also include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, all of the School District activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, food services, extracurricular activities, and capital outlay disbursements.

Reporting the School District's Most Significant Funds

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Building Fund.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the modified cash basis of accounting. The governmental fund financial statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

The School District as a Whole

This year's financial statements were prepared on the modified cash basis utilizing the GASB Statement No. 34 format. Table 1 provides a summary of the School District's net assets for fiscal year 2010 compared to fiscal year 2009:

**Table 1
Net Assets**

	Governmental Activities	
	2010	2009
Assets:		
Cash and Cash Equivalents	\$ 4,487,896	\$ 5,118,272
Investments	24,236,384	36,298,901
Total Assets	28,724,280	41,417,173
Net Assets:		
Restricted	25,642,189	37,577,308
Unrestricted	3,082,091	3,839,865
Total Net Assets	\$28,724,280	\$41,417,173

As mentioned previously, total net assets decreased \$12,692,893. The primary reason contributing to the decrease in cash balances was because the school started construction on a new high school.

Table 2 reflects the changes in net assets for fiscal year 2010.

**Table 2
Change in Net Assets**

	Governmental Activities		Net Increase
	2010	2009	(Decrease)
Receipts:			
Program Receipts:			
Charges for Service and Sales	\$ 2,410,060	\$2,161,819	\$ 248,241
Operating Grants and Contributions	2,671,105	2,022,496	648,609
Capital Grants and Contributions	85,298	61,606	23,692
Total Program Receipts	5,166,463	4,245,921	920,542
General Receipts:			
Property Taxes Levied for:			
General Purposes	8,638,731	9,010,439	(371,708)
Permanent Improvement	311,342	168,029	143,313
Debt Service	2,036,292	1,074,580	961,712
Grants and Entitlements	9,441,140	9,395,364	45,776
Sale of Bonds		38,249,986	(38,249,986)
Premium on Bonds		1,429,930	(1,429,930)
Interest	658,012	1,227,269	(569,257)
Sale of Fixed Assets		202,510	(202,510)
Miscellaneous	138,393	141,693	(3,300)
Total General Receipts	21,223,910	60,899,800	(39,675,890)
Total Receipts	26,390,373	65,145,721	(38,755,348)

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

**Table 2
Change in Net Assets
(Continued)**

	Governmental Activities		Net Increase
	2010	2009	(Decrease)
Disbursements:			
Instruction:			
Regular	12,459,476	11,795,595	663,881
Special	2,461,508	1,934,523	526,985
Vocational	20,977	28,953	(7,976)
Adult/Continuing		2,970	(2,970)
Support Services:			
Pupil	1,094,186	950,159	144,027
Instructional Staff	695,320	746,199	(50,879)
Board of Education	26,552	27,048	(496)
Administration	1,532,061	1,472,155	59,906
Fiscal	515,243	508,364	6,879
Business	189,956	191,347	(1,391)
Operation and Maintenance of Plant	1,860,774	1,766,184	94,590
Pupil Transportation	1,064,168	1,560,226	(496,058)
Operation of Non-Instructional	151,324	356,816	(205,492)
Food Services	1,015,163	920,901	94,262
Extracurricular Activities	726,011	700,766	25,245
Capital Outlay	12,949,311	3,077,475	9,871,836
Principal	707,237	38,304,985	(37,597,748)
Interest and Fiscal Charges	1,612,979	1,705,476	(92,497)
Bond Issuance Costs	1,020	544,246	(543,226)
Total Governmental Activities	39,083,266	66,594,388	(27,511,122)
 Increase/Decrease in Net Assets	 (\$12,692,893)	 (\$1,448,667)	 (\$11,244,226)

Program receipts only represent 20 percent of total receipts and are primarily represented by restricted intergovernmental receipts, charges for tuition and fees, extracurricular activities, and food service sales. General receipts represent 80 percent of the School District's total receipts. Of the general receipts, 44 percent is the result of unrestricted grants and entitlements, which primarily represent the State foundation resources, property taxes make up 52 percent of the general receipts. Other receipts, such as interest and rent are very insignificant and somewhat unpredictable revenue sources.

The major program disbursements for governmental activities are for instruction, which accounts for 38 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 7 percent of governmental disbursements. Maintenance of the School District's facilities also represents a significant expense, 5 percent. Therefore, 50 percent of the School District's disbursements are related to the primary functions of providing facilities and delivering education.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted state entitlements. Table 3 presents a comparison between the total cost of services and the net cost for both fiscal years 2010 and 2009.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

**Table 3
Governmental Activities**

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
Instruction:				
Regular	\$12,459,476	(\$10,659,378)	\$11,795,595	(\$10,210,087)
Special	2,461,508	(537,388)	1,934,523	(676,530)
Vocational	20,977	(8,397)	28,953	(16,470)
Adult/Continuing			2,970	(2,970)
Support Services:				
Pupil	1,094,186	(1,089,186)	950,159	(943,204)
Instructional Staff	695,320	(695,320)	746,199	(746,199)
Board of Education	26,552	(26,552)	27,048	(27,048)
Administration	1,532,061	(1,532,061)	1,472,155	(1,472,155)
Fiscal	515,243	(515,243)	508,364	(508,364)
Business	189,956	(189,956)	191,347	(191,347)
Plant Operation and Maintenance	1,860,774	(1,860,774)	1,766,184	(1,766,184)
Pupil Transportation	1,064,168	(1,024,994)	1,560,226	(1,488,689)
Central		9,145		12,000
Operation of Non- Instructional	151,324	(151,324)	356,816	(356,816)
Food Services	1,015,163	21,883	920,901	80,180
Extracurricular Activities	726,011	(472,009)	700,766	(439,663)
Capital Outlay	12,949,311	(12,864,013)	3,077,475	(3,040,214)
Principal	707,237	(707,237)	38,304,985	(38,304,985)
Interest and Fiscal Charges	1,612,979	(1,612,979)	1,705,476	(1,705,476)
Bond Issuance Costs	1,020	(1,020)	544,246	(544,246)
Total Government Activities	<u>\$39,083,266</u>	<u>(\$33,916,803)</u>	<u>\$66,594,388</u>	<u>(\$62,348,467)</u>

The dependence upon tax receipts and unrestricted state entitlements is apparent as 75 percent of instruction activities are supported through taxes and other general receipts. However, it should be noted that special instruction activities are largely provided for through program receipts, by 78 percent. This is the result of operating grants and contributions restricted for special instruction purposes.

100 percent of food services were covered by program receipts for fiscal year 2010. This is primarily due to cafeteria sales, and state and federal subsidies and donated commodities for food service. 35 percent of extracurricular activities disbursements are covered by program receipts. This is the result of pay to participate fees.

The School District's Funds

The School District's governmental funds are accounted for using the modified cash basis of accounting. Total governmental funds (excluding advances in and advances out and refund of prior year expenditures) had receipts of \$26,390,248 and disbursements of \$39,083,266. The greatest change within governmental funds occurred within the Building Fund as the district is constructing a new high school.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

General Fund Budgeting Highlights

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

During fiscal year 2010, the School District amended its General Fund budget as needed. Final budgeted receipts are in the amount of \$19,625,836 (excluding advances). The final budget was within .05 percent of actual.

Final disbursements were budgeted at \$21,004,195 (excluding advances) while actual disbursements were \$20,588,389 (excluding advances). The School District was able to keep spending very close to budgeted amounts as demonstrated by the minor changes which occurred.

Actual General Fund disbursements were more than receipts by \$1,065,068.

Debt Administration

At June 30, 2010, the School District's outstanding debt totaled \$37,737,268. For further information regarding the School District's debt, refer to Note 11 to the basic financial statements.

Current Issues

The School District continues to operate in a lean fashion. The School District has concerns on the state budget. The projected state deficit is \$8 billion dollars. The district is currently constructing a new high school and passed a renewal levy in the spring of 2010.

Other Current Issues Include:

- Funding from the state continues to be an issue.
- Loss in state aid for fiscal year 09/10 equals \$74,586.
- Loss in state aid for fiscal year 10/11 equals \$113,665.
- Food service operated in the black by \$21,883.
- Drivers Education operated in the black by \$12,235.
- Repairs to all buildings totaled \$219,590.
- Educational supplies purchased totaled \$376,926.
- Increased health care will be a concern over the next 2 years.
- Permanent improvement expenditures totaled \$204,740.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Joel Parker, Treasurer of Elida Local School District, 4380 Sunndydale Road, Elida, Ohio 45807.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2010**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$4,187,860
Investments	24,236,384
Restricted Cash	300,036
Total Assets	<u><u>\$28,724,280</u></u>
Net Assets:	
Restricted for:	
Other Purposes	695,214
Unclaimed Monies	3,757
Bus Purchase	32,334
Set Asides	263,945
Capital Outlay	24,255,245
Debt Service	391,694
Unrestricted	3,082,091
Total Net Assets	<u><u>\$28,724,280</u></u>

See accompanying notes to the basic financial statements.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>General</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$3,082,091		\$1,105,769	\$4,187,860
Investments		\$24,236,384		24,236,384
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	300,036			300,036
Total Assets	<u>3,382,127</u>	<u>24,236,384</u>	<u>1,105,769</u>	<u>28,724,280</u>
Fund Balances:				
Reserved for Encumbrances	163,810	15,161,205	25,719	15,350,734
Reserved for Bus Purchases	32,334			32,334
Reserved for Unclaimed Monies	3,757			3,757
Reserved for Textbooks	263,945			263,945
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	2,918,281			2,918,281
Special Revenue Funds			669,495	669,495
Debt Service Fund			391,694	391,694
Capital Projects Funds		9,075,179	18,861	9,094,040
Total Fund Balances	<u>\$3,382,127</u>	<u>\$24,236,384</u>	<u>\$1,105,769</u>	<u>\$28,724,280</u>

See accompanying notes to the basic financial statements.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND BALANCES -
MODIFIED CASH BASIS - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Building Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:				
Property Taxes	\$8,638,731		\$2,347,634	\$10,986,365
Intergovernmental	9,049,456		3,045,013	12,094,469
Interest	53,640	\$603,939	1,954	659,533
Tuition and Fees	1,643,506			1,643,506
Extracurricular Activities	35,369		174,683	210,052
Charges for Services			505,973	505,973
Miscellaneous	102,619	94,551	93,180	290,350
Total Receipts	<u>19,523,321</u>	<u>698,490</u>	<u>6,168,437</u>	<u>26,390,248</u>
Disbursements:				
Current:				
Instruction:				
Regular	11,938,670		520,806	12,459,476
Special	1,680,792		780,716	2,461,508
Vocational	898		20,079	20,977
Support Services:				
Pupil	698,944		395,242	1,094,186
Instructional Staff	495,287		200,033	695,320
Board of Education	26,552			26,552
Administration	1,378,350		153,711	1,532,061
Fiscal	470,683		44,560	515,243
Business	135,814		54,142	189,956
Operation and Maintenance of Plant	1,701,090		159,684	1,860,774
Pupil Transportation	1,064,168			1,064,168
Operation of Non-Instructional Services			151,324	151,324
Operation of Food Services	43,646		971,517	1,015,163
Extracurricular Activities	540,692		185,319	726,011
Capital Outlay	179,377	12,769,934		12,949,311
Debt Service:				
Principal	57,237		650,000	707,237
Interest and Fiscal Charges	12,379		1,600,600	1,612,979
Bond Issuance Costs		1,020		1,020
Total Disbursements	<u>20,424,579</u>	<u>12,770,954</u>	<u>5,887,733</u>	<u>39,083,266</u>
Excess of Receipts Over (Under) Disbursements	<u>(901,258)</u>	<u>(12,072,464)</u>	<u>280,704</u>	<u>(12,693,018)</u>
Other Financing Sources (Uses):				
Advances In	296,647		142,221	438,868
Refund of Prior Year Expenditures			125	125
Advances Out	(142,221)		(296,647)	(438,868)
Total Other Financing Sources (Uses)	<u>154,426</u>		<u>(154,301)</u>	<u>125</u>
Net Change in Fund Balances	(746,832)	(12,072,464)	126,403	(12,692,893)
Fund Balances Beginning of Year	4,128,959	36,308,848	979,366	41,417,173
Fund Balances End of Year	<u>\$3,382,127</u>	<u>\$24,236,384</u>	<u>\$1,105,769</u>	<u>\$28,724,280</u>

See accompanying notes to the basic financial statements.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>			Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property Taxes	\$8,757,000	\$8,649,200	\$8,638,731	(\$10,469)
Intergovernmental	8,359,156	9,102,856	9,049,456	(53,400)
Interest	92,000	57,000	53,640	(3,360)
Tuition and Fees	1,246,100	1,665,180	1,643,506	(21,674)
Extracurricular Activities	31,900	35,400	35,369	(31)
Miscellaneous	107,700	116,200	102,619	(13,581)
Total Receipts	<u>18,593,856</u>	<u>19,625,836</u>	<u>19,523,321</u>	<u>(102,515)</u>
Disbursements:				
Current:				
Instruction:				
Regular	12,190,648	12,251,048	11,990,095	260,953
Special	1,598,057	1,702,709	1,743,065	(40,356)
Vocational Education	2,436	2,436	935	1,501
Support Services:				
Pupil	697,910	702,490	707,693	(5,203)
Instructional Staff	531,439	528,784	498,457	30,327
Board of Education	27,690	27,690	26,596	1,094
Administration	1,361,539	1,364,853	1,385,487	(20,634)
Fiscal	487,614	502,614	486,552	16,062
Business	131,859	131,859	136,364	(4,505)
Operation and Maintenance of Plant	1,804,665	1,802,915	1,705,841	97,074
Pupil Transportation	1,122,102	1,147,102	1,068,886	78,216
Extracurricular Activities	538,939	538,939	543,334	(4,395)
Operations of Non-Instructional Services	41,988	41,988	43,774	(1,786)
Capital Outlay	83,281	187,031	181,694	5,337
Debt Service				
Principal	57,000	57,237	57,237	
Interest	14,500	14,500	12,379	2,121
Total Disbursements	<u>20,691,667</u>	<u>21,004,195</u>	<u>20,588,389</u>	<u>415,806</u>
Excess of Receipts Over (Under) Disbursements	(2,097,811)	(1,378,359)	(1,065,068)	313,291
Other Financing Sources (Uses)				
Advances-In	25,000	296,647	296,647	
Advances-Out		(142,250)	(142,221)	29
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>154,397</u>	<u>154,426</u>	<u>29</u>
Net Change in Fund Balance	(2,072,811)	(1,223,962)	(910,642)	313,320
Fund Balance Beginning of Year	3,952,078	3,952,078	3,952,078	
Prior Year Encumbrances Appropriated	176,881	176,881	176,881	
Fund Balance End of Year	<u><u>\$2,056,148</u></u>	<u><u>\$2,904,997</u></u>	<u><u>\$3,218,317</u></u>	<u><u>\$313,320</u></u>

See accompanying notes to the basic financial statements.

ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY

STATEMENT OF FIDUCIARY NET ASSET - MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Private Purpose Trust</u>	<u>Agency</u>
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$76,954	\$60,133
Total Assets	<u>76,954</u>	<u>60,133</u>
Net Assets:		
Held for Student Activities		60,133
Held in Trust for Scholarships	76,954	
Total Net Assets	<u>\$76,954</u>	<u>\$60,133</u>

See accompanying notes to the basic financial statements.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSET - MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Private Purpose Trust</u>
Additions:	
Contributions	\$38,597
Interest	354
Total Additions	<u>38,951</u>
Deductions:	
Scholarships	<u>26,092</u>
Total Deductions	<u>26,092</u>
Change in Net Assets	12,859
Net Assets - Beginning of Year	<u>64,095</u>
Net Assets - End of Year	<u><u>\$76,954</u></u>

See accompanying notes to the basic financial statements.

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**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The District is located in a prosperous community within Allen County, consisting of residences and significant office and retail commercial development. The School District is staffed by 98 non-certificated employees and 169 certificated employees who provide services to 2,473 students and other community members.

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading.

A. Primary Government

The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Elida Local School District, this includes general operations, food service, and student related activities.

B. Component Units

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. The School District is also financially accountable for any organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District and are significant in amount to the School District.

The Elida Education Foundation, Inc. - (the foundation) was organized under the non-profit corporation law of Ohio to operate exclusively for the benefit of the School District. The foundation receives and administers donations for educational and public charitable purposes for which the School District was formed. The foundation is governed by a five member board of trustees. One trustee shall at all times be a member of the Board of Education, appointed by the Board of Education. One Trustee shall at all times be the Superintendent of the Elida Board of Education and one trustee shall at all times be the Treasurer of the Elida Board of Education. The remaining two Trustees shall be elected at the annual meeting of the Members. Based on the above information, the foundation is a blended component unit of the School District. The School District acts as fiscal agent for the Foundation. Based upon the purpose of the various funds included in the Foundation, a portion of the funds are included with the private purpose trust funds and the remaining funds are included as part of the other governmental funds of the School District. Additional financial information can be obtained from the Treasurer of the School District.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

The School District participates in three jointly governed organizations and three public entity risk pools. These organizations include the Northwest Ohio Area Computer Services Cooperative (NOACSC), Apollo Joint Vocational School, West Central Ohio Regional Professional Development Center, Northwest Ohio Area Computer Service Cooperative Workers' Compensation Rating Plan Program, Allen County Schools Health Benefit Plan, and the Southwestern Ohio Educational Purchasing Council Insurance Program. These organizations are presented in Notes 14 and 15 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the School District's accounting policies.

A. Basis of Accounting

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the modified cash basis of accounting. 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.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved). Difference between disbursements reported in the fund statements versus budgetary expenditures are due to encumbrances outstanding at the beginning and end of the fiscal year.

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

B. Basis of Presentation

The School District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end.

The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible.

Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the modified cash basis or draws from the School District's general receipts.

2. **Fund Financial Statements** - During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

C. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories, governmental and fiduciary.

1. **Governmental Funds** - The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The School District's major funds are the General Fund and the Building Fund.

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

Building Fund - The Building Fund is used to account for all financial activity for the purpose of constructing a high school building, constructing additions to, renovating, and improving existing school facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 2. Fiduciary Funds** - The fiduciary fund category is split into private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature. The School District's agency fund accounts for various student-managed activities.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund, object level for the General Fund and the fund level for all other funds

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

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

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

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Investments

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2010, the School District invested in nonnegotiable certificates of deposit, mutual funds, municipal bonds, federal agency securities and STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2010 was \$53,640, which included \$966 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for bus purchases, unclaimed monies, acquisition of textbooks and instructional materials.

G. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's modified cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The School District's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

M. Interfund Transactions

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

N. Intergovernmental Revenues

Unrestricted intergovernmental revenues received on the basis of entitlement are recorded as receipts when the entitlement is received.

O. Equity Classifications

1. Government-Wide Statements

Equity is classified as net assets, and displayed in separate components:

- a. Restricted net assets** – Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.
- b. Unrestricted net assets** – All other net assets that do not meet the definition of "restricted."

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements

Governmental fund equity is classified as fund balance.

The School District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, bus purchases, textbooks, and unclaimed monies.

Under Ohio law, unclaimed monies must be held for five years before it becomes available for appropriation. Monies not yet held for the five year period are presented as reserved. The reserve for textbooks represents money required to be set-aside by state statute for the purchase of textbooks and instructional materials.

P. Receipts and Expenditures

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for service, operating and capital grants and contributions. All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

3. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a modified cash basis, which 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, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of cash, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and the modified cash basis is that encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (cash basis). The adjustments necessary to reconcile the cash and budgetary basis statements for the General Fund are as follows:

Change in Fund Balance	
Cash Basis	\$3,382,127
Increase (Decrease) Due To:	
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	<u>(163,810)</u>
Budget Basis	<u><u>\$3,218,317</u></u>

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

5. DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. 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.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year end, the School District had \$1,600 in un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of District cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end, the carrying amount of the District's deposits was \$19,484,606 and the bank balance was \$19,659,154. At year end, \$2,251,056 of the School District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

B. Investments

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

	<u>Carrying Value</u>	<u>Market Value</u>	<u>Maturity</u>	<u>% of Portfolio</u>
Municipal Bonds	\$ 2,147,267	\$ 2,077,753	6 to 24 months	22.9
Government & Agency Mutual Funds	2,672,939	2,672,939	current	28.5
Federal Home Loan Banks Bond	1,043,720	1,010,000	Sept.10, 2010	11.1
Federal Home Loan Mortgage Corp Notes	999,000	999,600	Oct. 12, 2010	10.7
Federal Home Loan Banks Bond	1,000,000	1,005,000	Jan. 28, 2011	10.7
Federal Home Loan Banks Bond	510,695	509,690	May 20, 2011	5.4
STAR Ohio	1,001,540	1,001,540		10.7
Total Carrying Value	<u>\$ 9,375,161</u>	<u>\$ 9,276,522</u>		<u>100.0</u>

Concentration of Credit Risk

The School District diversifies its investments by security, type, and institution. The table above indicates the percentage of each investment to the total portfolio.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy addresses interest rate risk by requiring that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations.

Credit Risk

The Federal Home Loan Bank Bonds and Federal Home Loan Mortgage Corporation Notes carry a rating of AAA by Moody's and Standard and Poor's. STAR Ohio carries a rating of AAA by Standard and Poor's. The Municipal Bonds carry ratings from AA1 to AA2 from Standards and Poor's.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association Notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name.

The School District has no investment policy dealing with investment custodial risk beyond the requirements of ORC 135.14(M)(2) which states, "Payments for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from custodian by the treasurer, governing board, or qualified trustee."

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year. Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School 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 October 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.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

6. PROPERTY TAXES (continued)

Public utility property tax receipts 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 October 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.

Tangible personal property tax revenues 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 tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. 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. Payments 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 3, with the remainder due September 20.

The School District receives property taxes from Allen County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Property:				
Agricultural/Residential	\$347,964,130	97.90%	\$353,182,760	98.00%
Industrial/Commercial				
Public Utility Property	7,235,230	2.10	7,493,560	2.00
Total Assessed Value	<u>\$355,199,360</u>	<u>100.00%</u>	<u>\$360,676,320</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$40.23		\$40.30	

7. INTERFUND RECEIVABLES/PAYABLES

At June 30, 2010, the General Fund had unpaid interfund cash advances for short term loans, in the amount of \$5,583 to the Title I School Improvement fund, \$56,927 to the Title I fund, \$62,597 to the ARRA Title I fund, and \$17,114 to the Title II-A fund. These are expected to be repaid within one year.

At June 30, 2010, the General Fund had unpaid cash advances that were made October 1, 2002 through October 31, 2004 totaling \$45,000 to the Food Service Fund. These are expected to be repaid as funds become available from cost reduction measures applied to this area.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

8. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District contracted through the Southwestern Ohio Education Purchasing Council with various companies for the following insurance coverage:

Property	\$350,000,000
Boiler & Machinery	100,000,000
Automobile Liability	1,000,000
School Violent Acts	250,000
General Liability	
Per Occurrence	1,000,000
Aggregate	3,000,000
Umbrella Coverage	5,000,000

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

A. Health Care Benefits

The School District participates in the Allen County Schools Health Benefit Plan (the Plan), a public entity shared risk pool consisting of the school districts within Allen County. The School District pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of the withdrawal.

B. Workers' Compensation

The School District participates in the Northwest Ohio Area Computer Services Cooperative Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the Cooperative based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

9. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

Plan Description - The School District contributes to 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 the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on 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 DCP 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 fifty and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The CP offers features of both the DBP and the DCP. In the CP, 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 DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio 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 School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 was \$1,184,232, \$1,169,412, and \$1,129,110 respectively; 95.68 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions for the DCP and CP for the fiscal year ended June 30, 2010, were \$29,835 made by the School District and \$21,311 made by plan members.

B. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement 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 Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School 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 School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 was \$364,556, \$257,585, and \$254,144, respectively; 47.04 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2010, two of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

10. POSTEMPLOYMENT BENEFITS

A. State Teachers Retirement System

Plan Description - The School District contributes to a cost-sharing multiple-employer defined benefit Health Care 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 STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care 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 Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2010, 2009, and 2008 was \$93,390, \$90,741, and \$86,855 respectively; 95.68 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. School Employee Retirement System

Plan Description - The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified 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, and traditional indemnity plans as well as a prescription drug program.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

10. POST-EMPLOYMENT BENEFITS (Continued)

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS 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 the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal 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 401h. For fiscal year 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2010, the surcharge amount was \$45,424.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

The School District's contribution for health care for the fiscal years ended June 30, 2010, 2009, and 2008 was \$13,122, \$117,883, and \$115,974 respectively; 47.04 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 Part B Fund. For fiscal year 2010, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 was \$21,679, \$21,253, and \$18,312 respectively; 47.04 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

11. DEBT

The changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	Interest Rate	Balance 6/30/09	Additions	Reductions	Balance 6/30/10	Due Within One Year
General Long-Term Obligations						
Energy Conservation Note						
School Building Construction	4.65%	\$310,083		\$57,237	\$ 252,846	\$ 60,001
OSFC General Obligation Bonds						
Serial Bonds	3-4%	12,320,000		650,000	11,670,000	720,000
Term Bonds	4.5-4.75%	25,160,000			25,160,000	
Capital Appreciation Bonds	15.28%	769,986			769,986	
Accretion on Capital Bonds			137,282		137,282	
Total OSFC General Obligation Bonds		38,249,986	137,282	650,000	37,737,268	720,000
Total General Long-Term Obligations		\$38,560,069	\$137,282	\$707,237	\$37,990,114	\$780,001

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. DEBT (Continued)

Energy Conservation Notes - Energy conservation notes were issued on July 15, 1998, for \$764,180, with an interest rate of 4.65 percent, for the purpose of the improvement and renovation of buildings. The notes were issued for a fifteen year period with the final maturity during fiscal year 2014. The loan will be retired from the General and Debt Service funds.

High School General Obligation Bonds – On September 4, 2008, the School District issued serial bonds in the amount of \$12,320,000, term bonds in the amount of \$25,160,000 and capital appreciation bonds in the amount of \$769,986 for a total of \$38,249,986 in voted general obligation bonds for constructing a high school.

The serial bonds maturing after December 1, 2019, are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any interest payment date on or after December 1, 2019 at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2027, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2027 in the amount of \$6,225,000, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2036 are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2036 (with the balance of \$18,935,000 to be paid at stated maturity on December 1, 2036).

The capital appreciation bonds will mature in fiscal years 2020 thru 2023. The maturity amount for the bonds is \$5,820,000. For fiscal year 2010, the accretion was \$137,282.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2010, were as follows:

Fiscal Year	General Obligation Bonds			
	Serial		Term	
Ending	Principal	Interest	Principal	Interest
2011	\$ 720,000	\$ 400,513		\$ 1,179,538
2012	1,065,000	373,737		1,179,538
2013	1,095,000	341,338		1,179,538
2014	1,130,000	306,550		1,179,538
2015	1,165,000	267,800		1,179,538
2016-2020	6,495,000	653,106		5,897,687
2021-2025			\$ 1,455,000	5,864,950
2026-2030			8,320,000	4,658,612
2031-2035			10,470,000	2,456,462
2036-2037			4,915,000	236,194
Totals	\$11,670,000	\$2,343,044	\$25,160,000	\$25,011,595

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. DEBT (Continued)

<u>Fiscal Year Ending</u>	<u>Capital Appreciation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$237,150	\$1,217,850
2021	204,486	1,250,514
2022	176,317	1,278,683
2023	152,033	1,302,967
Total	<u>\$769,986</u>	<u>\$5,050,014</u>

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

The annual requirements to amortize energy conservation note outstanding as of June 30, 2010 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 60,555	\$10,025	\$ 70,026
2012	62,051	7,642	69,693
2013	65,021	5,163	70,184
2014	65,219	2,585	67,804
Total	<u>\$252,846</u>	<u>\$25,415</u>	<u>\$277,707</u>

12. SET ASIDE REQUIREMENTS

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

The following cash basis information identifies the changes in fund balance reserves for textbooks and capital improvements during fiscal year 2010.

	<u>Textbooks</u>	<u>Capital Improvements</u>
Setaside Reserve Balance June 30, 2009	\$255,361	
Current Year Set Aside Requirement	385,510	\$385,510
Current Year Offset – Perm. Improvement Levy		(165,920)
Current Year Qualifying Expenditures	(391,204)	(219,590)
Totals	<u>263,945</u>	<u>(219,590)</u>
Setaside Reserve Balance June 30, 2010	<u>\$263,945</u>	<u>\$ 0</u>

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

13. CONSTRUCTION AND CONTRACTUAL COMMITMENTS

The District had the following construction and contractual commitments as of June 30:

<u>Contractor</u>	<u>Project</u>	<u>Amount Outstanding</u>
ACI Construction Co Inc	New High School	\$ 6,597,269
Allied Environmental Serv, Inc	New High School	24,710
Breckenridge Kitchen Equipment	New High School	314,603
Four Seasons Environmental	New High School	16,995
Garman/Miller	New High School	396,557
Heapy Engineering LCC	New High School	49,975
HJP Incorporated	New High School	18,775
Kelley Brothers Roof, Inc	New High School	1,089,999
Key Blue Prints Corporation	New High School	6,540
Materials Testings, Inc	New High School	7,201
Middleton Geothermal	New High School	70,579
R.D. Jones Excavating	New High School	1,251,397
Slagle Mechanical	New High School	2,103,004
Sollmann Electric Co	New High School	1,593,272
Stark's Inc	New High School	404,151
Touchstone CPM	New High School	967,299
Vulcan Enterprises, Inc	New High School	234,267
Total Commitments		\$15,146,593

14. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among forty-seven 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 administrative and instructional functions among member school districts. Each of the governments of these schools supports NOACSC based upon a per pupil charge dependent upon the software package utilized. The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent, the two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained by contacting Northwest Ohio Area Computer Services Cooperative, at 645 South Main Street, Lima, Ohio 45804.

B. Apollo Joint Vocational School

The Apollo Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Apollo Joint Vocational School, 3325 Shawnee Road, Lima, Ohio 45806.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

14. JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. West Central Ohio Regional Professional Development Center (the Center)

The Center is a jointly governed organization among the school districts located in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam and Van Wert counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities than are tied directly to school improvement, and in particular, to improvements to instructional programs. The Center is governed by a board made up of 52 representatives of the participating school districts, the business community, and two institutions of higher learning whose term rotates every two years. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information may be obtained by contacting Hancock County Educational Service Center, 604 Lima Avenue, Findlay, Ohio 45840-3087.

15. GROUP INSURANCE PURCHASING POOL

A. Northwest Ohio Area Computer Service Cooperative Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Group Rating Plan was established through the Northwest Ohio Area Computer Service Cooperative as a group insurance purchasing pool. The GRP's business and affairs are conducted by a twenty-five member Board of Directors consisting of two representatives from each county elected by a majority vote of all charter member schools within each county plus one representative from the fiscal agency A-site. The treasurer of Findlay City Schools serves as coordinator of the program. Each year, the participating Districts pay an enrollment fee to cover the costs of administering the program.

B. Allen County Schools Health Benefit Plan

The School District participates in the Allen County Schools Health Benefit Plan (the plan), a public entity shared risk pool consisting of the school districts within Allen County. The Trust is organized as a Voluntary Employee Benefit Association under 26 U.S.C. Section 501(c)(9) and provides medical, accident and other benefits to the employees of the participating school districts.

Each participating school district's superintendent is appointed to a Board of Trustees which advises the Trustee, Allied Benefit Systems, concerning aspects of the administration of the Trust. Each school district decides which plans offered by the Board of Trustees will be extended to its employees. Participation in the Trust is by written application subject to the acceptance by the Board of Trustees and payment of the monthly premium. Financial information can be obtained from Brian Rockhold who serves as chairman, at the Allen County Educational Service Center, 1920 Slabtown Rd, Lima, Ohio 45804.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

15. GROUP INSURANCE PURCHASING POOL (Continued)

C. Southwestern Ohio Educational Purchasing Council Insurance Programs (SOEPC)

The School District participates in a public entity shared risk pool of thirty-two school districts. The SOEPC Insurance Program provides for property, fleet and liability insurance coverage. The Program's business and affairs are conducted by an Executive Council of seven participation school administrators. Participation in the Program is by written application subject to acceptance by the Executive Council and the payment of an annual premium. The Administrator of the program is Public Entity Marsh which coordinates the management, administration, claims management, and actuarial studies of the Program. Insurance premiums are paid to the Purchasing Council. Financial information can be obtained from Public Entity Marsh, 525 Vine Street, Cincinnati, Ohio 45202.

16. CONTINGENCIES

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2010.

ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
United States Department of Agriculture					
(Passed through Ohio Department of Education)					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Distribution)					
School Breakfast Program	10.553		\$7,794		\$7,794
National School Lunch Program	10.555		148,080		148,080
Cash Assistance:					
School Breakfast Program	10.553	\$54,235		\$54,235	
National School Lunch Program	10.555	454,052		454,052	
Special Milk Program for Children	10.556	866		866	
Total Nutrition Cluster		<u>509,153</u>	<u>155,874</u>	<u>509,153</u>	<u>155,874</u>
Total United States Department of Agriculture		<u>509,153</u>	<u>155,874</u>	<u>509,153</u>	<u>155,874</u>
United States Department of Education					
(Passed through Ohio Department of Education)					
Title 1 Cluster:					
Title I Grants to Local Educational Agencies	84.010	368,849		415,642	
School Improvement Grant Sub A, Title I	84.010	43,064		48,647	
ARRA Title I Grants to Local Educational Agencies, Recovery Act	84.389	190,616		238,821	
Total Title I Cluster		<u>602,529</u>		<u>703,110</u>	
Special Education Cluster:					
Special Education Grants to States	84.027	506,725		502,632	
ARRA Special Education Grants to States, Recovery Act	84.391	284,661		250,361	
Total Special Education Cluster		<u>791,386</u>		<u>752,993</u>	
Safe and Drug-Free Schools and Communities	84.186	7,937		7,937	
State Grants for Innovative Programs	84.298	4,317		4,059	
Education Technology State Grants	84.318	7,140		4,165	
Improving Teacher Quality State Grants	84.367	118,481		138,686	
ARRA State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	473,253		396,953	
Total United States Department of Education		<u>2,005,043</u>		<u>2,007,903</u>	
Corporation for National and Community Service					
(Passed through Ohio Department of Education)					
Learn and Serve America - School and Community Based Programs	94.004	30,000		30,000	
Total Federal Financial Assistance		<u>\$2,544,196</u>	<u>\$155,874</u>	<u>\$2,547,056</u>	<u>\$155,874</u>

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of Elida Local School District's (the School District) federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C - FOOD DONATION PROGRAM

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the entitlement value of the commodities received.

At June 30, 2010, the School District had no significant food commodities in inventory

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the School District contribute non-Federal funds (match funds) to support the Federally-funded programs. The School District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included in the Schedule.



Dave Yost • Auditor of State

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

Elida Local School District
Allen County
4380 Sunnydale Avenue
Elida, Ohio 45807

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elida Local School District, Allen County, (the School District) as of and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 19, 2011, wherein we noted the School District's financial statements were prepared using the modified cash accounting basis rather than accounting principles generally accepted in the United States. 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 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 School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 School District's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-01 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-02.

We also noted certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated January 19, 2011.

The School District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the School District's responses and, accordingly, we express no opinion on them.

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



Dave Yost
Auditor of State

January 19, 2011



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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Elida Local School District
Allen County
4380 Sunnydale Avenue
Elida, Ohio 45807

To the Board of Education:

Compliance

We have audited the compliance of Elida Local School District, Allen County, (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Elida Local School District's major federal programs for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The 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 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 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 School District's compliance with those requirements.

As described in finding 2010-03 in the accompanying schedule of findings, the School District did not comply with requirements regarding Reporting applicable to its ARRA Title 1 Grants to Local Educational Agencies, Recovery Act major federal program. Compliance with this requirement is necessary, in our opinion, for the School District to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, Elida Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

The 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 School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over 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 School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2010-03 to be a material weakness.

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

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated January 19, 2011.

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



Dave Yost
Auditor of State

January 19, 2011

**ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under §.510?	Yes
(d)(1)(vii)	Major Programs (list):	Title I Cluster, (Title I Grants to Local Educational Agencies and School Improvement Grant Sub A, Title 1, CFDA #84.010, and ARRA-Title I Grants to Local Educational Agencies, CFDA #84.389) Special Education Cluster, (Special Education Grants to States, CFDA 84.027, and ARRA- Special Education Grants to States, CFDA 84.391) ARRA - State Fiscal Stabilization Fund - CFDA# 84.394
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2010-01

Material Weakness

A governmental entity should have procedures in place to help assure the proper presentation of financial activity and supplemental information. The School District's compilation had the following errors:

The Debt Service Fund balance, in the amount of \$391,694, was presented as "restricted for other purposes" instead of "restricted for debt service" on the Statement of Net Assets

Classification errors identified on the Statement of Activities included:

- Property tax receipts from the permanent improvement levy, in the amount of \$311,342, were presented as Grants and Entitlements not Restricted, instead of General Receipts Property Taxes from Permanent Improvement;
- Property tax receipts from the debt service levy, in the amount of \$2,036,292, were presented as Grants and Entitlements not Restricted, instead of General Receipts Property Taxes from Debt Service;
- Tuition receipts from other school districts, in the amount of \$88,283, were presented as Grants and Entitlements not Restricted, instead of Program Revenue-Charges for Services;
- Donations for the football facility and annexation fee receipts reported in the Building Fund, in the amount of \$64,963, were presented as Grants and Entitlements not Restricted, instead of Program Revenues-Capital Grants & Contributions;
- Interest revenue recorded in the Building Fund, in the amount of \$603,939, were presented as Grants and Entitlements not Restricted, instead of General Receipts; and
- Insurance claim receipts and other miscellaneous receipts recorded in the Building Fund, in the amount of \$47,677, were presented as Grants and Entitlements not Restricted instead of General Receipts Miscellaneous.

The amount presented on the Statement of Assets and Fund Balances – Governmental Funds as reserved for textbooks was overstated in the amount of \$14,980.

Final budgeted receipts on the Statement of Receipts, Disbursements, and Change in Fund Balance – General Fund were understated by \$402,100, and the actual revenues were understated by \$411,647.

Food service receipts, in the amount of \$505,523, were presented as Intergovernmental Revenue instead of Charges for Services on the Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances – Governmental Funds.

The accompanying Management's Discussion and Analysis and financial statements have been revised to correct these reporting errors.

The School District should utilize governmental accounting resources, such as GASB implementation guides or those found on the Auditor of State web site, to help improve financial reporting.

OFFICIALS' RESPONSE:

The Elida Board of Education continues to support their decision in compiling the financial statements in house, as a means to save time and money for the School District. The items listed above do not change the School District's total net assets as compiled.

FINDING NUMBER 2010-02

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Adm. Code Section 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the School District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

To help provide the users with more meaningful financial statements, the School District should prepare their financial statements according to generally accepted accounting principles.

OFFICIALS' RESPONSE:

The Elida Board of Education continues to support their decision in processing the OCBOA statements as a means to save time and money for the School District.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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FINDING NUMBER 2010-03

Noncompliance Citation / Material Weakness

Finding Number	2010-03
CFDA Title and Number	CFDA #84.389 – ARRA Title 1 Grants to Local Educational Agencies, Recovery Act
Federal Award Number / Year	2010
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

American Recovery and Reinvestment Act of 2009 (ARRA), Section 1512 (b) & (c) require any entity that receives certain Recovery funds directly from the Federal government (including recovery funds received through grant, loan or contract other than an individual) to submit a report to the Federal Agency not later than 10 days after the end of each calendar quarter in which the Federal Recovery funds were received. **Section 1512 (c) (4)** requires detailed information on any subcontracts or subgrants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282), allowing aggregate reporting on awards below \$25,000 or to individuals.

**FINDING NUMBER 2010-03
(Continued)**

Further, **Office of Management and Budget Memo M-09-21 dated June 22, 2009** states that prime recipients may choose to delegate certain reporting requirements to sub-recipients. This memo also states three additional data elements associated with any vendors receiving funds from the prime recipient for any payments greater than \$25,000 must be reported.

The **Ohio Department of Education's American Recovery and Reinvestment Act Reporting Guidance** states the Ohio Department of Education (ODE), as a prime recipient of ARRA funding, is required to report quarterly to the federal government data on ARRA programs. ODE distributes ARRA funds to local education agencies (LEAs) as sub recipients and must collect quarterly data from LEAs to meet the reporting requirements associated with ARRA funding. Among the items to be reported, the vendor name and zip code are required for each vendor that received a single payment, from a single ARRA grant, in excess of \$25,000. If the vendor received multiple payments less than \$25,000, even when the total of the payments exceeds \$25,000, the vendor information should *not* be reported.

The School District failed to report a single payment, in the amount of \$106,985, from ARRA Title 1 Grants to Local Educational Agencies, Recovery Act money to a vendor.

The failure to comply with all requirements of a federal grant could result in a loss of federal funding to the School District.

The School District should implement procedures to provide training and resources to those responsible for assuring compliance with the requirements of federal grants.

OFFICIALS' RESPONSE:

These items will be corrected on the next survey.

ELIDA LOCAL SCHOOL DISTRICT
ALLEN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code Section 117.38 and Ohio Admin. Code 117-2-03(B) – Failed to prepare financial statements in accordance with GAAP	No	Repeated as Finding 2010-02

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Elida Local School District
Allen County
4380 Sunnydale Avenue
Elida, Ohio 45807

To the Board of Education:

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

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

1. We noted the Board approved its anti-bullying policy at its meeting on October 22, 2007.
2. We read the policy, to determine if it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - 6) A procedure for documenting any prohibited incident that is reported;

- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

The policy adopted by the School District did not include items 9 and 10 of the above requirements.

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

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



Dave Yost
Auditor of State

January 19, 2011



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ELIDA LOCAL SCHOOL DISTRICT

ALLEN 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 24, 2011**