



Dave Yost • Auditor of State

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Elmwood Local School District
Wood County
7650 Jerry City Road
Bloomdale, Ohio 44817-9763

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elmwood Local School District, Wood County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Elmwood Local School District, Wood County, Ohio (the District), as of June 30, 2014, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2D of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As described in Note 3, for fiscal year 2014, the District revised its financial presentation to the cash basis of accounting comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. As also described in Note 3, during fiscal year 2014 the District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion and Analysis includes tables of net position, changes in net position, governmental activities and long-term debt. This information provides additional analysis and is not a required part of the basic financial statements.

The Schedule of Federal Award Receipts and Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2014, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

Columbus, Ohio

December 8, 2014

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**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The management's discussion and analysis of the Elmwood Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2014, which was the first year the District has prepared their financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- During fiscal year 2014, the District elected to present cash basis financial statements in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34. Fund cash balances have been restated, as described in Note 3.C, to reflect the application of this format.
- The total net cash position of the District increased \$1,196,766 or 15.84% from fiscal year 2013 (as restated – See Note 3).
- General cash receipts accounted for \$12,345,766 or 82.18% of total governmental activities cash receipts. Program specific cash receipts accounted for \$2,677,025 or 17.82% of total governmental activities cash receipts.
- The District had \$13,826,025 in cash disbursements related to governmental activities; \$2,677,025 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily grants and entitlements not restricted to specific programs) of \$12,345,766 were adequate to provide for these programs.
- The District has two major funds. The general fund had cash receipts and other financing sources of \$11,938,486 in 2014. The cash disbursements and other financing uses of the general fund, totaled \$12,179,803 in 2014. The general fund's cash balance decreased \$241,317 or 3.61% from 2013 (as restated – see Note 3.C). The permanent improvement fund had \$1,500,000 in other financing sources in 2014. The cash disbursements of the permanent improvement fund, totaled \$9,865 in 2014. The permanent improvement fund's cash balance increased \$1,490,135 from 2013.

Using this Basic Financial Statements (BFS)

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

The statement of net position - cash basis and statement of activities - cash basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, there are two major governmental funds, the general fund and permanent improvement fund.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Reporting the District as a Whole

Statement of Net Position - Cash Basis and the Statement of Activities - Cash Basis

The statement of net position - cash basis and statement of activities - cash basis answer the question, "How did we do financially during 2014?" These statements include *only net position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the District's net cash position and changes in that position on a cash basis. This change in net cash position is important because it tells the reader that, for the District as a whole, the cash basis financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position - cash basis and statement of activities - cash the governmental activities include District's programs and services including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and permanent improvement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no

**ELMWOOD LOCAL SCHOOL DISTRICT
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**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the District's compliance with annually adopted budgets.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary funds are a private-purpose trust fund and two agency funds.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

The District as a Whole

The District prepared financial statements for fiscal year 2013 on the regulatory basis, which did not include a statement of net position – cash basis or statement of activities – cash basis. Prior year information for these statements will be presented in future reports as the information is available.

The table below provides a summary of the District's net cash position at June 30, 2014.

	Governmental Activities <u>2014</u>
<u>Assets</u>	
Equity in pooled cash and investments	<u>\$ 8,751,824</u>
<u>Net Cash Position</u>	
Restricted	819,615
Unrestricted	<u>7,932,209</u>
Total net cash position	<u>\$ 8,751,824</u>

Over time, net cash position can serve as a useful indicator of an entity's financial position. At June 30, 2014, total net cash position of the District was \$8,751,824. A portion of the District's net position, \$819,615, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$7,932,209 may be used to meet the District's ongoing obligations to the students and creditors.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The table below shows the change in net cash position for the District at June 30, 2014.

	Governmental Activities <u>2014</u>
Cash Receipts:	
Program cash receipts:	
Charges for services and sales	\$ 1,123,166
Operating grants and contributions	<u>1,553,859</u>
Total program cash receipts	<u>2,677,025</u>
General cash receipts:	
Property taxes	2,671,620
Income taxes	1,683,057
Unrestricted grants and entitlements	6,325,842
Issuance of certificates of participation	1,560,000
Investment earnings	34,536
Other	<u>70,711</u>
Total general cash receipts	<u>12,345,766</u>
Total cash receipts	<u>\$ 15,022,791</u>
Cash Disbursements:	
Instruction:	
Regular	\$ 5,303,960
Special	1,895,237
Vocational	245,130
Other	44,092
Support services:	
Pupil	549,920
Instructional staff	602,356
Board of education	41,681
Administration	831,905
Fiscal	364,833
Business	17,401
Operations and maintenance	1,326,039
Pupil transportation	865,704
Central	65,728
Operation of non-instructional services:	
Food service operations	497,573
Other non-instructional services	78,507
Extracurricular	639,847
Facilities acquisition and construction	18,771

Continued

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

	<u>Governmental Activities 2014</u>
Cash Disbursements:	
Debt service:	
Principal retirement	240,000
Interest and fiscal charges	144,176
Issuance costs	51,792
Net discount on debt issued	1,373
Total cash disbursements	13,826,025
Change in net cash position	1,196,766
Net cash position at beginning of year (restated)	7,555,058
Net cash position at end of year	\$ 8,751,824

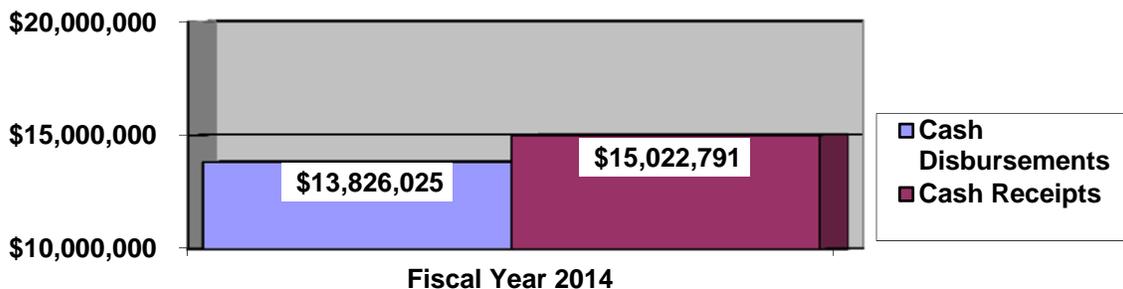
Governmental Activities

Governmental net cash position was \$8,751,824 at June 30, 2014; total governmental disbursements of \$13,826,025 were offset by program receipts of \$2,677,025 and general receipts of \$12,345,766. Program receipts supported 19.36% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from property taxes, income taxes, unrestricted grants and entitlements and certificates of participation. These receipt sources represent 81.48% of total governmental receipts. Real estate property is reappraised every six years. The largest disbursement of the District is for instructional programs. Instructional disbursements totaled \$7,488,419 or 54.16% of total governmental disbursements for fiscal year 2014.

The graph below presents the District's governmental activities receipts and disbursements for fiscal year 2014.

Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements



**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The table below shows the total cost of services and the net cost of services (e.g. the cost of those services supported by general cash receipts of the District) for fiscal year 2014:

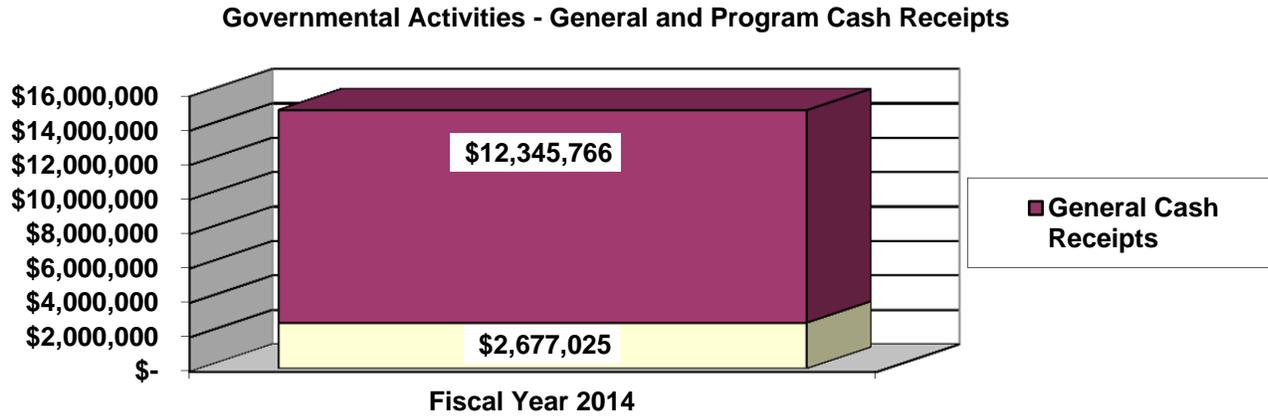
	Governmental Activities	
	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Cash disbursements:		
Instruction:		
Regular	\$ 5,303,960	\$ 4,782,195
Special	1,895,237	723,937
Vocational	245,130	195,663
Other	44,092	44,092
Support services:		
Pupil	549,920	539,518
Instructional staff	602,356	562,707
Board of education	41,681	41,681
Administration	831,905	734,653
Fiscal	364,833	364,833
Business	17,401	17,401
Operations and maintenance	1,326,039	1,314,681
Pupil transportation	865,704	840,932
Central	65,728	65,728
Operation of non-instructional services:		
Food service operations	497,573	53,180
Operation of non instruction	78,507	78,507
Extracurricular	639,847	333,590
Facilities acquisition and construction	18,771	18,361
Debt service:		
Principal retirement	240,000	240,000
Interest and fiscal charges	144,176	144,176
Issuance costs	51,792	51,792
Net discount on debt issued	<u>1,373</u>	<u>1,373</u>
Total	<u>\$ 13,826,025</u>	<u>\$ 11,149,000</u>

The dependence upon general cash receipts for governmental activities is apparent; with 76.73% of instruction cash disbursements supported through taxes and other general cash receipts during 2014. For all governmental activities, general receipts support is 80.64%.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The graph below presents the District's governmental activities cash receipts for fiscal year 2014.



Financial Analysis of the Government's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The District's governmental funds are accounted for using the cash basis of accounting.

At June 30, 2014, the District's governmental funds reported a combined cash fund balance of \$8,751,824, which is \$1,196,766 higher than last year's total of \$7,555,058. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2014 and June 30, 2013, for all major and nonmajor governmental funds. The ending June 30, 2013 balances were restated due to fund reclassifications as described in Note 3C.

	Fund Cash Balance <u>June 30, 2014</u>	Fund Cash Balance (restated) <u>June 30, 2013</u>	Increase (Decrease)
General	\$ 6,442,074	\$ 6,683,391	\$ (241,317)
Permanent improvement	1,490,135	-	1,490,135
Other nonmajor governmental funds	<u>819,615</u>	<u>871,667</u>	<u>(52,052)</u>
Total	<u>\$ 8,751,824</u>	<u>\$ 7,555,058</u>	<u>\$ 1,196,766</u>

General Fund

The general fund, the District's largest major fund, had cash receipts and other financing source totaled \$11,938,486 in fiscal year 2014. The cash disbursements and other financing uses of the general fund, totaled \$12,179,803 in fiscal year 2014. The general fund's fund cash balance decreased \$241,317 or 3.61% from fiscal year 2013 to fiscal year 2014.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

The table that follows assists in illustrating the cash receipts of the general fund.

	<u>2014 Amount</u>	<u>2013 Amount</u>	<u>Percentage Change</u>
<u>Cash Receipts:</u>			
Taxes	\$ 4,079,591	\$ 3,973,457	2.67 %
Tuition	488,157	548,019	(10.92) %
Earnings on investments	34,536	31,224	10.61 %
Contract services	128,953	38,288	236.80 %
Miscellaneous	244,312	9,337	2,516.60 %
Intergovernmental	<u>6,902,937</u>	<u>6,785,197</u>	1.74 %
Total	<u>\$ 11,878,486</u>	<u>\$ 11,385,522</u>	4.33 %

The largest cash receipt line items, tax receipts and intergovernmental receipts, remained consistent with the prior year increasing 2.67% and 1.74%, respectively. Contract services receipts increased due to an increase in Medicaid payments received. Miscellaneous receipts increased due to increased contributions and donations, extracurricular receipts and other local receipts which include refunds of amounts that were prior year disbursements.

The table that follows assists in illustrating the cash disbursements of the general fund.

	<u>2014 Amount</u>	<u>2013 Amount</u>	<u>Percentage Change</u>
<u>Cash Disbursements</u>			
Instruction	\$ 7,029,006	\$ 6,792,794	3.48 %
Support services	4,450,424	4,234,264	5.11 %
Operation of non instruction	78,507	69,762	12.54 %
Extracurricular	440,434	348,688	26.31 %
Facilities acquisition and construction	8,906	54,649	(83.70) %
Debt service:			
Principal retirement	60,000	-	100.00 %
Interest and fiscal charges	59,361	-	100.00 %
Issuance costs	<u>51,792</u>	<u>-</u>	100.00 %
Total	<u>\$ 12,178,430</u>	<u>\$ 11,500,157</u>	5.90 %

Instruction and support services disbursements increased due to normal and customary wage and benefit increases. Extracurricular disbursements increased due to increased activity and were offset by an increase in extracurricular receipts. During fiscal year 2014, the District made principal and interest payments on the 2012 Certificates of Participation out of the general fund. In addition, the District incurred issuance costs related to the issuance of the 2014 Certificates of Participation. Overall, cash disbursements of the general fund increased 5.90%.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

Budgeting Highlights - General Fund

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

During the course of fiscal year 2014, the District amended its general fund budget several times. For the general fund, final budgeted receipts and other financing sources were \$11,709,806, which was \$242,592 higher than the original budgeted receipts and other financing sources of \$11,467,214. Actual receipts and other financing sources for fiscal 2014 were \$11,872,984 which was \$163,178 more than the final budgeted receipts.

General fund original budgeted disbursements and other financing uses of \$12,263,890 were increased to \$12,583,510 in the final budgeted disbursements. The actual budget basis disbursements for fiscal year 2014 totaled \$12,137,928, which was \$445,582 less than the final budgeted disbursements

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements.

Debt Administration

The District had the following long-term obligations outstanding at June 30, 2014 and 2013.

	Governmental Activities 2014	Governmental Activities (restated) 2013
	<u>2014</u>	<u>2013</u>
General obligation refunding bonds	\$ 2,020,000	\$ 2,200,000
Capital appreciation bonds	24,999	24,999
Accretion to bonds	43,211	23,814
Certificates of participation	<u>3,065,000</u>	<u>1,565,000</u>
Total long-term obligations	<u>\$ 5,153,210</u>	<u>\$ 3,813,813</u>

During fiscal year 2014, the District made principal and interest payments on the general obligation bonds and the 2012 Certificates of Participation. In addition, the District issued \$1,560,000 in 2014 Certificates of Participation. See Note 11 to the financial statements for detail on the District's debt activity.

Current Financial Related Activities

The District has continued to maintain the highest standards of service to our students, parents and community. The District is always presented with challenges and opportunities. The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(UNAUDITED)**

To ensure the five-year forecast remains strong, management will continue to budget within the confines of the revenue stream. The balance of revenues and expenses is perilous. State cuts to foundation funding, increased costs of salaries/benefits, and the elimination of promised reimbursements can quickly reduce cash reserves. The challenge for the District's Management is to continue to provide the resources necessary to meet student needs and be able to stay within our budget for the year.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact LuAnn Vanek, Treasurer, Elmwood Local School District 7650 Jerry City Road, Bloomdale, Ohio 44817-9763.

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

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2014

	Governmental Activities
Assets:	
Equity in pooled cash and investments	<u>\$ 8,751,824</u>
Net cash position:	
Restricted for:	
Debt service	164,567
Classroom facilities maintenance	532,104
Student activities	55,302
Food service operations	64,165
Other purposes	3,477
Unrestricted	7,932,209
Total net cash position	<u>\$ 8,751,824</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Cash Disbursements	Program Receipts		Net (Disbursements) Receipts and Changes in Net Cash Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 5,303,960	\$ 521,765		\$ (4,782,195)
Special	1,895,237	137,651	\$ 1,033,649	(723,937)
Vocational	245,130		49,467	(195,663)
Other	44,092			(44,092)
Support services:				
Pupil	549,920		10,402	(539,518)
Instructional staff	602,356		39,649	(562,707)
Board of education	41,681			(41,681)
Administration	831,905		97,252	(734,653)
Fiscal	364,833			(364,833)
Business	17,401			(17,401)
Operations and maintenance	1,326,039	10,036	1,322	(1,314,681)
Pupil transportation	865,704		24,772	(840,932)
Central	65,728			(65,728)
Operation of non-instructional services:				
Food service operations	497,573	218,087	226,306	(53,180)
Other non-instructional services	78,507			(78,507)
Extracurricular activities	639,847	235,627	70,630	(333,590)
Facilities acquisition and construction	18,771		410	(18,361)
Debt service:				
Principal retirement	240,000			(240,000)
Interest and fiscal charges	144,176			(144,176)
Issuance costs	51,792			(51,792)
Net discount on debt issued	1,373			(1,373)
Total governmental activities	\$ 13,826,025	\$ 1,123,166	\$ 1,553,859	(11,149,000)

General revenues:

Property taxes levied for:	
General purposes	2,396,534
Debt service	231,229
Classroom facilities maintenance	43,857
School district income taxes	1,683,057
Grants and entitlements not restricted to specific programs	6,325,842
Issuance of certificates of participation	1,560,000
Investment earnings	34,536
Miscellaneous	70,711
Total general cash receipts	12,345,766
Change in net cash position	1,196,766
Net cash position at beginning of year (restated)	7,555,058
Net cash position at end of year	\$ 8,751,824

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE, 30, 2014

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 6,442,074	\$ 1,490,135	\$ 819,615	\$ 8,751,824
Fund cash balances:				
Restricted:				
Debt service			\$ 164,567	\$ 164,567
Classroom facilities maintenance			532,104	532,104
Food service operations			64,165	64,165
Other purposes			3,477	3,477
Student activities			55,302	55,302
Committed:				
Capital improvements		\$ 1,490,135		1,490,135
Assigned:				
Student instruction	\$ 2,696			2,696
Student and staff support	22,782			22,782
Extracurricular activities	67			67
Facilities acquisition and construction	15,250			15,250
Subsequent year's appropriations	802,855			802,855
Unassigned	5,598,424			5,598,424
Total fund cash balances	\$ 6,442,074	\$ 1,490,135	\$ 819,615	\$ 8,751,824

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE, 30, 2014

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Cash receipts:				
From local sources:				
Property taxes	\$ 2,396,534		\$ 275,086	\$ 2,671,620
Income taxes	1,683,057			1,683,057
Tuition	488,157			488,157
Earnings on investments	34,536		1,896	36,432
Charges for services			218,087	218,087
Extracurricular	77,934		157,693	235,627
Classroom materials and fees	42,306			42,306
Rental income	10,036			10,036
Contributions and donations	43,325		30,555	73,880
Contract services	128,953			128,953
Other local receipts	70,711		1,598	72,309
Intergovernmental - state	6,902,937		217,796	7,120,733
Intergovernmental - federal			681,594	681,594
Total cash receipts	11,878,486		1,584,305	13,462,791
Cash disbursements:				
Current:				
Instruction:				
Regular	5,303,960			5,303,960
Special	1,435,824		459,413	1,895,237
Vocational	245,130			245,130
Other	44,092			44,092
Support services:				
Pupil	541,956		7,964	549,920
Instructional staff	562,707		39,649	602,356
Board of education	41,681			41,681
Administration	734,653		97,252	831,905
Fiscal	360,977		3,856	364,833
Business	17,401			17,401
Operations and maintenance	1,259,617		66,422	1,326,039
Pupil transportation	865,704			865,704
Central	65,728			65,728
Operation of non-instructional services:				
Food service operations			497,573	497,573
Other non-instructional services	78,507			78,507
Extracurricular activities	440,434		199,413	639,847
Facilities acquisition and construction	8,906	\$ 9,865		18,771
Debt service:				
Principal retirement	60,000		180,000	240,000
Interest and fiscal charges	59,361		84,815	144,176
Issuance costs	51,792			51,792
Total cash disbursements	12,178,430	9,865	1,636,357	13,824,652
Excess cash disbursements over cash receipts	(299,944)	(9,865)	(52,052)	(361,861)
Other financing sources (uses):				
Net discount on debt issued	(1,373)			(1,373)
Issuance of certificates of participation	60,000	1,500,000		1,560,000
Total other financing sources (uses)	58,627	1,500,000		1,558,627
Net change in fund cash balances	(241,317)	1,490,135	(52,052)	1,196,766
Fund cash balances at beginning of year (restated)	6,683,391		871,667	7,555,058
Fund cash balances at end of year	\$ 6,442,074	\$ 1,490,135	\$ 819,615	\$ 8,751,824

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE, 30, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Budgetary basis receipts:				
From local sources:				
Property taxes	\$ 2,354,887	\$ 2,396,534	\$ 2,396,534	
Income taxes	1,644,680	1,653,768	1,683,057	\$ 29,289
Tuition	476,865	479,500	488,157	8,657
Earnings on investments	34,808	35,050	34,536	(514)
Classroom materials and fees	54,698	55,000	42,306	(12,694)
Rental income	7,956	8,000	10,036	2,036
Contributions and donations	2,983	32,362	39,528	7,166
Contract services	34,310	83,190	128,953	45,763
Other local receipts	16,426	34,450	36,922	2,472
Intergovernmental - state	6,818,101	6,850,452	6,902,937	52,485
Total budgetary basis receipts	<u>11,445,714</u>	<u>11,628,306</u>	<u>11,762,966</u>	<u>134,660</u>
Budgetary basis disbursements:				
Current:				
Instruction:				
Regular	5,455,921	5,427,728	5,306,657	121,071
Special	1,485,127	1,457,846	1,435,824	22,022
Vocational	241,138	256,565	245,130	11,435
Other	56,685	56,480	44,092	12,388
Support services:				
Pupil	583,196	566,611	542,956	23,655
Instructional staff	556,760	606,772	562,707	44,065
Board of education	55,867	56,465	42,681	13,784
Administration	757,774	767,831	735,573	32,258
Fiscal	374,757	377,545	360,977	16,568
Business	20,775	20,700	17,401	3,299
Operations and maintenance	1,298,142	1,339,586	1,265,975	73,611
Pupil transportation	860,390	899,381	866,204	33,177
Central	72,523	73,830	65,728	8,102
Other operation of non-instructional services	87,958	88,990	78,507	10,483
Extracurricular activities	353,165	356,767	354,605	2,162
Facilities acquisition and construction	3,212	34,819	24,156	10,663
Debt service:				
Principal retirement		60,000	60,000	
Interest and fiscal charges		59,361	59,361	
Issuance costs		58,627	51,792	6,835
Total budgetary basis disbursements	<u>12,263,390</u>	<u>12,565,904</u>	<u>12,120,326</u>	<u>445,578</u>
Excess of budgetary basis disbursements over budgetary basis receipts	<u>(817,676)</u>	<u>(937,598)</u>	<u>(357,360)</u>	<u>580,238</u>
Other financing sources (uses):				
Refund of prior year's disbursements	21,500	21,500	50,018	28,518
Refund of prior year's receipts	(500)	(16,233)	(16,229)	4
Net discount on debt issued		(1,373)	(1,373)	
Issuance of certificates of participation		60,000	60,000	
Total other financing sources (uses)	<u>21,000</u>	<u>63,894</u>	<u>92,416</u>	<u>28,522</u>
Net change budgetary basis fund balance	(796,676)	(873,704)	(264,944)	608,760
Fund cash balance at beginning of year	6,652,333	6,652,333	6,652,333	
Prior year encumbrances appropriated	13,890	13,890	13,890	
Fund cash balance at end of year	<u>\$ 5,869,547</u>	<u>\$ 5,792,519</u>	<u>\$ 6,401,279</u>	<u>\$ 608,760</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2014

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 101,642	\$ 73,802
Liabilities:		
Held for student activities		\$ 73,802
Net cash position:		
Held in trust for scholarships	101,642	
Total net cash position	\$ 101,642	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 183
Gifts and contributions	45,125
Total cash additions	45,308
Deductions:	
Scholarships awarded	16,264
Change in net cash position	29,044
Net cash position at beginning of year	72,598
Net cash position at end of year	\$ 101,642

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

1. DESCRIPTION OF THE SCHOOL DISTRICT

Elmwood Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The 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 and federal guidelines.

The District was established in 1960 through the consolidation of existing land areas and school districts. The District serves an area of approximately 112 square miles. It is located in Wood and Hancock Counties and includes the entire Villages of Bairdstown, Bloomdale, Cygnet, Jerry City, West Millgrove and Wayne, all of and portions of surrounding townships. The District is staffed by 75 classified employees, 90 certified teaching personnel, and 5 administrative employees who provide services to 1,270 students and other community members. The District currently operates one building.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.D., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the District's accounting policies.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The District is a participant in the Northern Ohio Educational Computer Association (NOECA), which is a computer consortium. NOECA is an association of thirty-nine public school districts 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. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The NOECA Assembly consists of a representative from each participating school district. The degree of control exercised by any participating school district is limited to its representation on the Board of Directors. All revenues are generated from a combination of State funding and annual fees-per-student charged to participating school districts. Financial information is available from Betty Rando who serves as Director, at 219 Howard Drive, Sandusky, Ohio 44870.

Penta Career Center

The Penta Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of nine members from the participating School Districts' or Educational Service Centers' elected Boards. Board members are appointed for a term of two years to serve the sixteen participating school districts. The Board consists of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg, and Rossford; one representative from each of the three least populous counties: Fulton, Ottawa, and Sandusky; and one representative from each of the most populous counties: Lucas and Wood. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551.

PUBLIC ENTITY RISK POOLS

The District participates in two public entity risk pools as described in Note 8.B and Note 8.C to the financial statements.

B. Fund Accounting

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

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable resources are assigned to the various governmental funds according to the purposes for which they may or must be used.

The following are the District's major governmental funds:

General Fund - The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund cash balance is available for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Permanent Improvement Fund - The Permanent Improvement Fund is used to account for financial resources that are restricted or committed to disbursements for the acquisition or construction of capital facilities and other capital assets.

Other governmental funds of the District are used to account for (a) financial resources that are restricted or committed for specific purposes and (2) for financial resources that are restricted or committed for debt service.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net cash position and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for cash assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature and do not involve measurement of results of operations. The District's trust funds are private-purpose trust funds to account for student scholarship programs. The District's agency fund accounts for student activities.

C. Basis of Presentation

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

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the general receipts of the District.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All assets and net cash position associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

D. Basis of Accounting

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and government-wide statements and disbursements reported in the budgetary statements is due to current year encumbrances being added to disbursements reported in the budgetary statements.

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

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriations resolution, both of which are prepared on the budgetary basis of accounting. 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 level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer. Any revisions that alter the level of budgetary control must be approved by the Board of Education.

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 receipts reflect the amounts reported in the certificate of estimated resources in effect when the original appropriations were approved. The amounts reported as the final budgeted receipts represent the amounts reported on the final certificate of estimated resources approved before fiscal year-end.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 disbursements reflect the first appropriations for that fund covering the entire fiscal year, including amounts automatically carried over from the prior fiscal year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2014, investments were limited to negotiable certificates of deposit, U.S. government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). In accordance with the cash basis of accounting, all District investments are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2014. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2014.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest receipts credited to the general fund during fiscal year 2014 amounted to \$34,536, which includes \$5,475 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

G. Fund Cash Balance

Fund cash balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund cash balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted - Fund cash balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund cash balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund cash balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund cash balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund cash balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund cash balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund cash balance is available. Similarly, within unrestricted fund cash balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund cash balance classifications could be used.

H. Net Cash Position

Net cash position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District did not have any net cash position restricted by enabling legislation at June 30, 2014. Net cash position restricted for other purposes includes amounts restricted for community education.

The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net cash position is available.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods 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 disbursements to the funds that initially paid for them are not presented on the basic financial statements. Interfund transfers between governmental funds are eliminated in the statement of activities.

J. Restricted Cash Assets

Cash assets are reported as restricted when limitations on their use change the normal understanding of the availability of the cash assets. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District did not have any restricted cash assets at June 30, 2014.

K. Inventory and Prepaid Items

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

L. Capital Assets

Acquisition of property, plant, and equipment purchased are recorded as cash disbursements when paid. These items are not reflected as assets in the accompanying financial statements under the cash basis of accounting. Depreciation has not been reported for any capital assets.

M. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave. Employees are entitled to cash payments for unused vacation leave and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation leave and sick leave are not reflected as liabilities under the cash basis of accounting.

N. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the cash disbursements 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 postemployment healthcare.

O. Long-Term Obligations

Long-term obligations are not recognized as liabilities in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal and interest payments.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE

A. Compliance

Ohio Administrative Code, §117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a 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 District can be fined and various other administrative remedies may be taken against the District.

B. Change in Basis of Accounting

In prior years the District prepared its financial statements on a regulatory basis of accounting. For fiscal year 2014, the District revised its financial presentation to the cash basis of accounting comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Rather than presenting a separate column for each fund type, the District now presents entity wide statements and also statements with a separate column for each major fund with all other funds combined in a separate column.

For fiscal year 2014, the District modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

The restatement due to the implementation of GASB Statement No. 54 and GASB Statement No. 34 had the following effect on fund balance of the major and nonmajor funds of the District as they were previously reported.

	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>	<u>Proprietary</u>
Fund cash balance as previously reported	\$ 6,666,223	\$ 771,490	\$ 7,437,713	\$ 117,345
Change in fund structure				
Food service	-	117,345	117,345	(117,345)
Public School Support	<u>17,168</u>	<u>(17,168)</u>	<u>-</u>	<u>-</u>
Total change in fund structure	<u>17,168</u>	<u>100,177</u>	<u>117,345</u>	<u>(117,345)</u>
Restated fund cash balance at July 1, 2013	<u>\$ 6,683,391</u>	<u>\$ 871,667</u>	<u>\$ 7,555,058</u>	<u>\$ -</u>

The District also implemented in fiscal year 2014 Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees". The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

4. DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan

Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash on Hand

At fiscal year end, the District had \$250 in undeposited cash on hand, which is included on the financial statements of the District as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2014, the carrying amount of all District deposits was \$378,321. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$499,509 of the District's bank balance of \$499,630 was covered by the FDIC, while \$121 was exposed to custodial credit risk as discussed below.

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

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

C. Investments

As of June 30, 2014, the District had the following investment and maturity:

<u>Investment type</u>	<u>Cost</u>	<u>6 months or less</u>	<u>Investment Maturities</u>			<u>Greater Than 24 months</u>
			<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	
Negotiable CD's	\$ 7,877,000	\$ 1,900,000	\$ 1,863,000	\$ 627,000	\$ 2,490,000	\$ 997,000
U.S. Government Money						
Market Mutual Fund	54,765	54,765	-	-	-	-
STAR Ohio	<u>616,932</u>	<u>616,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ 8,548,697	\$ 2,571,697	\$ 1,863,000	\$ 627,000	\$ 2,490,000	\$ 997,000

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates substantially increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less and states that an investment must be purchased with the expectation that it will be held to maturity. Interim certificates of deposit must mature within one year and inactive certificates of deposit must mature no later than the expiration date of the depository agreement.

Credit Risk: STAR Ohio and the U.S. government money market mutual fund carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable

CD's are fully covered by the FDIC. The District's investment policy does not address credit risk beyond the requirements of State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2014:

<u>Investment type</u>	<u>Cost</u>	<u>% of Total</u>
Negotiable CD's	\$ 7,877,000	92.14
U.S. Government Money		
Market Mutual Fund	54,765	0.64
STAR Ohio	<u>616,932</u>	<u>7.22</u>
	\$ 8,548,697	100.00

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position as of June 30, 2014:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 378,321
Investments	8,548,697
Cash on hand	<u>250</u>
Total	<u>\$ 8,927,268</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 8,751,824
Private-purpose trust funds	101,642
Agency funds	<u>73,802</u>
Total	<u>\$ 8,927,268</u>

5. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the cash basis, 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 cash receipts, disbursements and change in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a cash disbursement, as opposed to assigned, committed, or restricted fund cash balance for that portion of outstanding encumbrances (cash basis); and,
- (b) Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the cash basis for the general fund is as follows:

**ELMWOOD LOCAL SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Change in Fund Cash Balance

	<u>General fund</u>
Budget basis	\$ (264,944)
Funds budgeted elsewhere	(4,164)
Adjustment for encumbrances	<u>27,791</u>
Cash basis	<u>\$ (241,317)</u>

The public school support fund is legally budgeted as a separate special revenue fund; however, this fund is considered part of the general fund for financial reporting purposes.

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property located within the District. Real property tax receipts received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax receipts received in calendar year 2014 represent the collection of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, 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.

The District receives property taxes from Wood and Hancock Counties. The respective County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

6. PROPERTY TAXES (Continued)

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 116,581,600	92.39	\$ 118,533,100	92.81
Public utility personal	<u>9,599,600</u>	<u>7.61</u>	<u>9,184,810</u>	<u>7.19</u>
Total	<u>\$ 126,181,200</u>	<u>100.00</u>	<u>\$ 127,717,910</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 40.65		\$ 40.50	

7. INCOME TAXES

The District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. This tax is comprised of two levies of which both were renewed on November 4, 2009; .50% expires January 1, 2016 and .75% expires January 1, 201. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund. Both levies were renewed on November 5, 2013.

8. RISK MANAGEMENT

A. Phelan Insurance Agency - Ohio Casualty

The District is exposed to various risks of loss related to torts; theft, or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disaster. During fiscal year 2014, the District contracted for the following insurance coverage.

Coverage provided through the Phelan Insurance Agency - Ohio Casualty is as follows:

	<u>Coverage</u>
Property including inland marine - replacement cost \$2,500 deductible	\$ 54,388,862
Employee Dishonesty Liability	25,000
Automobile Liability	1,000,000
Uninsured Motorists	50,000
Medical Payments - per occurrence(/aggregate- remove)	5,000 / 15,000
Educator's Legal Liability - errors or omissions	1,000,000
General District Liability	
Per occurrence	1,000,000
General Aggregate (Total per year - remove)	2,000,000
Umbrella Liability	2,000,000

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

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

8. RISK MANAGEMENT (Continued)

B. Ohio SchoolComp

The District participates in Ohio SchoolComp, a Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool sponsored by the Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials' (OASBO). The GRP is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to educational entities that can meet the GRP's selection criteria. Each participant must apply annually. The GRP provides the participants with a centralized program for processing, analysis and management of worker's compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement. CompManagement, Inc. provides administrative, cost control and actuarial services to the Plan.

C. Wood County Schools Benefit Plan Association

The District participates in the Wood County Schools Benefit Plan Association (the "Association"), a public entity shared risk pool consisting of six local school districts, two exempted-village school districts, a city school district, a joint vocational school, and the Educational Service Center. The District pays monthly premiums to the Association for employee medical and dental benefits. The Association is responsible for the management and operations of the program and the payment of all claims. Upon withdrawal from the Association, a participant is responsible for the payment of all liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

9. PENSION PLANS

A. School Employees Retirement System

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

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

9. PENSION PLANS (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The remaining .90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$258,940, \$247,693 and \$256,102, respectively; 84.59 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

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

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

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

9. PENSION PLANS (Continued)

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$714,218, \$710,070 and \$734,184, respectively; 83.08 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$39,432 made by the District and \$30,982 made by the plan members.

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, 2014, 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. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations 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 SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

10. POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250. For fiscal year 2014, the District paid \$32,742 in surcharge.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$35,509, \$30,835 and \$37,431, respectively; 84.59 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013 and 2012 were \$15,022, \$13,992 and \$13,720, respectively; 84.59 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$54,940, \$54,621 and \$52,848, respectively; 83.08 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

**ELMWOOD LOCAL SCHOOL DISTRICT
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

11. DEBT

The District has restated the Accretion to Bonds from \$60,000 to \$23,814 to properly report the accreted interest at June 30, 2013 related to the capital appreciation bonds. The changes in the District's long-term obligations during the fiscal year were as follows:

<u>Description</u>	Restated			<u>Balance 06/30/14</u>	<u>Amount Due in One Year</u>
	<u>Balance 06/30/13</u>	<u>Additions</u>	<u>Reductions</u>		
General Obligation Bonds 2001	\$ 690,000	\$ -	\$ (160,000)	\$ 530,000	\$ 170,000
General Obligation Bonds 2011	1,510,000	-	(20,000)	1,490,000	20,000
Capital Appreciation Bonds 2011	24,999	-	-	24,999	-
Accretion to Bonds 2012	23,814	19,397	-	43,211	-
Certificates of Participation 2012	1,565,000	-	(60,000)	1,505,000	65,000
Certificates of Participation 2014	-	1,560,000	-	1,560,000	200,000
Total Debt Obligations	\$ 3,813,813	\$ 1,579,397	\$ (240,000)	\$ 5,153,210	\$ 455,000

2014 Certificates of Participation - Interest Rates 1.0% to 3.0%: During Fiscal year 2014, the District issued Certificates of Participation totaling \$1,560,000 for financing a band facility, lighting and technology equipment. The Certificates of Participation were issued on May 22, 2014 for a 10 year term with principal payments from December 1, 2014 through December 1, 2023.

2012 Certificates of Participation - Interest Rates 1.600% to 4.625%: During Fiscal year 2012, the District issued Certificates of Participation totaling \$1,630,000 for the financing of the renovation of the athletic complex including demolition, relocation of existing lighting and construction of an all-weather track, press box, stands, fencing and walkways. The Certificates of Participation were issued December 19, 2011 for a 20 year term with principal payments from December 1, 2012 through December 1, 2031.

2011 Advance Refunding of 2001 Bonds - Interest Rates 2.25 - 3.8%: Proceeds from the outstanding bonds were used for the purpose of advance refunding of general obligation bonds, dated April 15, 2001, which were issued for the purpose of constructing a new pre-kindergarten through grade 12 school building. The bonds were issued on May 5, 2011. The bonds consisted of \$1,430,000 in current interest serial bonds and \$140,000 in term bonds and \$24,999, in capital appreciation bonds.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

<u>Fiscal Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2019	\$ 225,000	2.90%
2020	225,000	3.20%
2021	225,000	3.40%
2022	245,000	3.50%
2023	250,000	3.70%
2024	260,000	3.80%

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

11. DEBT (Continued)

The term bond which matures on December 1, 2016, has an interest rate of 2.25 percent per year, and is subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1, in the year in the respective principal amounts as follows:

Fiscal Year	Principal Amount to be Redeemed
2017	\$ 140,000

The capital appreciation bonds were issued in the aggregate original principal amount of \$24,999 and mature on December 1, 2017, have the original principal amounts and mature with the accreted values at maturity, as follows:

Fiscal Year	Original Principal Amount	Accreted Value at Maturity
2018	\$ 24,999	\$ 220,000

At June 30, 2014, the total amount of these bonds including accretion was \$68,210. The bonds are being retired through the Bond Retirement Debt Service Fund (a nonmajor governmental fund).

Series 2001 School Improvement General Obligation Bonds - Interest Rates 3.4% to 5.0%: During fiscal year 2001, the voters of the District authorized the issuance of \$3,673,000 in general obligation bonds, for the purpose of renovating and otherwise improving school facilities. During 2011, \$1,594,999 of the current interest bonds were advance refunded. These bonds were redeemed early on December 1, 2011 at the 101% call price. The remaining bonds will be retired from proceeds of a bonded debt tax levy and will be paid from the Bond Retirement Fund.

The Series 2001 school improvement general obligation bond issue included both current interest bonds, par value \$3,158,000, and term bonds, par value \$515,000. At June 30, 2014, the total amount of these bonds was \$530,000.

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2013 are as follows:

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

11. DEBT (Continued)

Fiscal Year Ending June 30,	General Obligation Bonds			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 190,000	\$ 75,125	\$ 265,125	\$ 265,000	\$ 84,092	\$ 349,092
2016	195,000	65,015	260,015	250,000	80,048	330,048
2017	205,000	54,485	259,485	255,000	76,629	331,629
2018	-	49,080	49,080	260,000	72,787	332,787
2019	225,000	45,818	270,818	265,000	67,921	332,921
2020 - 2024	1,205,000	113,347	1,318,347	975,000	258,576	1,233,576
2025 - 2029	-	-	-	465,000	130,140	595,140
2030 - 2032	-	-	-	330,000	23,356	353,356
Total	<u>\$ 2,020,000</u>	<u>\$ 402,870</u>	<u>\$ 2,422,870</u>	<u>\$ 3,065,000</u>	<u>\$ 793,549</u>	<u>\$ 3,858,549</u>

Fiscal Year Ending June 30,	Capital Appreciation Bonds		
	Principal	Interest	Total
2015	\$ -	\$ -	\$ -
2016	-	-	-
2017	-	-	-
2018	24,999	195,001	220,000
Total	<u>\$ 24,999</u>	<u>\$ 195,001</u>	<u>\$ 220,000</u>

The Ohio Revised Code provides that voted net general obligation of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The District had a voted debt margin of \$9,614,180 and an unvoted debt margin of \$127,718.

12. SET-ASIDE REQUIREMENTS

The District is required by State law to annually set-aside certain general fund cash receipt amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Disbursements and other applicable offsets exceeding the set-aside requirement may not be carried forward to the next fiscal year.

The following cash-basis information describes the change in the fiscal year end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(Continued)**

12. SET-ASIDE REQUIREMENTS

	Capital <u>Improvements</u>
Set-aside balance June 30, 2013	\$ -
Current year set-aside requirement	207,831
Current year offsets	<u>(207,831)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2015	<u>\$ -</u>

13. CONTINGENCIES

A. Grants

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, 2014.

B. Litigation

There are currently no matters in litigation with the District as defendant.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Federal Receipts	Federal Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
<u>Child Nutrition Cluster</u>			
School Breakfast Program	10.553	\$33,376	\$33,376
National School Lunch Program:			
Cash Assistance	10.555	186,181	186,181
Non-cash Assistance (Commodities)	10.555	23,202	23,202
Total National School Lunch Program		<u>209,383</u>	<u>209,383</u>
Total U.S. Department of Agriculture		<u>242,759</u>	<u>242,759</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	161,904	161,904
ARRA - Race to The Top	84.395	2,100	2,100
Improving Teacher Quality State Grants	84.367	41,516	41,516
<u>Special Education Cluster</u>			
Special Education Grants to States	84.027	249,516	249,516
Special Education Preschool Grants	84.173	7,002	7,002
Total Special Education Cluster		<u>256,518</u>	<u>256,518</u>
Total U.S. Department of Education		<u>462,038</u>	<u>462,038</u>
Total Federal Awards Receipts and Expenditures		<u>\$704,797</u>	<u>\$704,797</u>

The accompanying notes are an integral part of this schedule.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Elmwood Local School District (the District) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value determined by the Federal Agency distributing the food. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.



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

Elmwood Local School District
Wood County
7650 Jerry City Road
Bloomdale, Ohio 44817-9763

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Elmwood Local School District, Wood County, Ohio (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2014, wherein we noted the District began using a special purpose framework other than generally accepted accounting principles and the District adopted GASB Statement No. 54, Fund Balance reporting and Governmental Fund Type Definitions.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

December 8, 2014



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Elmwood Local School District
Wood County
7650 Jerry City Road
Bloomdale, Ohio 44817-9763

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Elmwood Local School District, Wood County, Ohio's (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Elmwood Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

December 8, 2014

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(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 noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(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	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Grant Cluster: Special Education Grants to States CFDA #84.027, and Special Education Preschool Grants CFDA #84.173 Child Nutrition Cluster: School Breakfast Program CFDA# 10.553 and National School Lunch Program CFDA # 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2014-001

Noncompliance Citation

Ohio Rev. Code, § 117.38, provides 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 § 117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

Ohio Admin. Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepares its financial statements using the cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

We recommend the District prepare its statements in accordance with accounting principles generally accepted in the United States of America.

Officials' Response

The District is not anticipating having their financial statements prepared in accordance with accounting principles generally accepted in the United State of America. However, the District did file GASB 34 Look-A-Like Statements and plans to do so in the future.

3. FINDINGS FOR FEDERAL AWARDS

None.

**ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	No	Not corrected and repeated as Finding 2014-001 in this report.

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ELMWOOD LOCAL SCHOOL DISTRICT

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 30, 2014**