

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

***FINANCIAL STATEMENTS  
(AUDITED)***

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2009**

**LuANN VANEK, TREASURER**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Elmwood Local School District, Wood County, prepared by Julian & Grube, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

December 22, 2009

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

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the Elmwood Local School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Elmwood Local School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

Ohio Administrative Code §117-2-03(B) requires the Elmwood Local School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as described in Note 1, the accompanying financial statements and notes have been prepared on a basis of accounting not in accordance with 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.

In our opinion, the financial statements do not present fairly, the financial position and results of operations of the Elmwood Local School District, Wood County, Ohio as of June 30, 2009, in accordance with accounting principles generally accepted in the United States of America.

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

Independent Auditor's Report  
Elmwood Local School District  
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2009 on our consideration of the Elmwood Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Elmwood Local School District's financial statements. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, for reasons stated in the third paragraph, the financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Elmwood Local District, as of June 30, 2009, or its changes in financial position. Therefore, we are unable to express, and we do not express, an opinion on the Schedule of Receipts and Expenditures of Federal Awards.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
November 24, 2009

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

COMBINED STATEMENT OF FUND BALANCES  
ALL FUND TYPES - CASH BASIS  
JUNE 30, 2009

<u>Cash and Cash Equivalents</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 6,339,992
Total Cash and Cash Equivalents	<u>\$ 6,339,992</u>
<u>Cash Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General	\$ 5,415,092
Special Revenue	638,337
Debt Service	<u>152,756</u>
Total Governmental Fund Types	<u>6,206,185</u>
<u>Proprietary Fund Type:</u>	
Enterprise	<u>1,545</u>
<u>Fiduciary Fund Types:</u>	
Private Purpose Trust	74,722
Agency	<u>57,540</u>
Total Fiduciary Fund Types	<u>132,262</u>
Total Cash Fund Balances	<u>\$ 6,339,992</u>

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash receipts:				
From local sources:				
Taxes	\$ 3,681,428	\$ 42,614	\$ 174,498	\$ 3,898,540
Earnings on investments	98,394	-	2,844	101,238
Extracurricular activities	12,901	232,479	-	245,380
Classroom materials and fees	5,923	-	-	5,923
Tuition	233,658	21,675	-	255,333
Intergovernmental - state	6,928,844	240,623	25,175	7,194,642
Intergovernmental - federal	-	370,127	-	370,127
Miscellaneous	29,357	10,741	-	40,098
<b>Total cash receipts</b>	<b>10,990,505</b>	<b>918,259</b>	<b>202,517</b>	<b>12,111,281</b>
Cash disbursements:				
Current:				
Instruction:				
Regular	4,824,847	166,346	-	4,991,193
Special	914,110	271,861	-	1,185,971
Vocational	265,501	-	-	265,501
Other	55,754	-	-	55,754
Support Services:				
Pupil	309,983	80,235	-	390,218
Instructional staff	923,425	44,121	-	967,546
Board of Education	83,177	-	-	83,177
Administration	779,088	6,008	-	785,096
Fiscal services	279,112	8,791	2,285	290,188
Business	15,677	-	-	15,677
Operations and maintenance	1,363,270	10,800	-	1,374,070
Pupil transportation	714,300	10,901	-	725,201
Central	28,104	24,913	-	53,017
Non-Instructional services	57,065	7,008	-	64,073
Extracurricular activities	323,449	269,154	-	592,603
Debt service:				
Principal retirement	-	-	125,000	125,000
Interest and fiscal charges	-	-	147,533	147,533
<b>Total cash disbursements</b>	<b>10,936,862</b>	<b>900,138</b>	<b>274,818</b>	<b>12,111,818</b>
Total cash receipts over/ (under) cash disbursements	53,643	18,121	(72,301)	(537)
Other financing receipts/(disbursements):				
Advances-in	80,560	8,500	-	89,060
Advances-out	(8,764)	(12,550)	-	(21,314)
<b>Total other financing receipts/(disbursements)</b>	<b>71,796</b>	<b>(4,050)</b>	<b>-</b>	<b>67,746</b>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	125,439	14,071	(72,301)	67,209
Cash fund balances, July 1, 2008	5,289,653	624,266	225,057	6,138,976
Cash fund balances, June 30, 2009	<u>\$ 5,415,092</u>	<u>\$ 638,337</u>	<u>\$ 152,756</u>	<u>\$ 6,206,185</u>

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Proprietary Fund Type	Fiduciary Fund Types		Total
	Enterprise	Private Purpose Trust	Agency	(Memorandum Only)
Operating cash receipts:				
Sales/charges for services	\$ 391,522	\$ -	\$ -	\$ 391,522
Extracurricular activities	-	-	164,635	164,635
Total operating cash receipts	<u>391,522</u>	<u>-</u>	<u>164,635</u>	<u>556,157</u>
Operating cash disbursements:				
Personal services	141,895	-	250	142,145
Employees' retirement and insurance	81,119	-	-	81,119
Purchased services	3,503	-	49,234	52,737
Supplies and material	293,941	-	120,068	414,009
Capital outlay	1,402	-	-	1,402
Other	-	2,000	23,231	25,231
Total operating cash disbursements	<u>521,860</u>	<u>2,000</u>	<u>192,783</u>	<u>716,643</u>
Operating (loss)	<u>(130,338)</u>	<u>(2,000)</u>	<u>(28,148)</u>	<u>(160,486)</u>
Nonoperating cash receipts:				
Interest income	12	824	-	836
Federal sources	182,687	-	-	182,687
State sources	4,084	-	-	4,084
Other	5,215	7,640	9,385	22,240
Total nonoperating cash receipts	<u>191,998</u>	<u>8,464</u>	<u>9,385</u>	<u>209,847</u>
Excess of receipts over/(under) disbursements before interfund advances	<u>61,660</u>	<u>6,464</u>	<u>(18,763)</u>	<u>49,361</u>
Advances-in	264	-	-	264
Advances-out	<u>(66,355)</u>	<u>-</u>	<u>(1,655)</u>	<u>(68,010)</u>
Net income/(loss)	<u>(4,431)</u>	<u>6,464</u>	<u>(20,418)</u>	<u>(18,385)</u>
Cash fund balances, July 1, 2008	<u>5,976</u>	<u>68,258</u>	<u>77,958</u>	<u>152,192</u>
Cash fund balances, June 30, 2009	<u>\$ 1,545</u>	<u>\$ 74,722</u>	<u>\$ 57,540</u>	<u>\$ 133,807</u>

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	2009 Estimated Receipts	Total Estimated Resources	Actual 2009 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2009 Appropriations	Total	Actual 2009 Disbursements	Encumbrances Outstanding at 6/30/09	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 5,152,768	\$ 10,934,922	\$ 16,087,690	\$ 11,071,065	\$ 136,143	\$ 136,885	\$ 11,844,808	\$ 11,981,693	\$ 10,945,626	\$ 43,819	\$ 10,989,445	\$ 992,248
Special Revenue	611,244	1,008,412	1,619,656	926,759	(81,653)	13,022	921,343	934,365	912,688	6,934	919,622	14,743
Debt Service	225,057	195,225	420,282	202,517	7,292	-	275,033	275,033	274,818	-	274,818	215
Proprietary:												
Enterprise	82	684,760	684,842	583,784	(100,976)	5,894	576,432	582,326	588,215	-	588,215	(5,889)
Fiduciary:												
Private Purpose Trust	68,258	7,575	75,833	8,464	889	-	12,000	12,000	2,000	-	2,000	10,000
Total (Memorandum Only)	<u>\$ 6,057,409</u>	<u>\$ 12,830,894</u>	<u>\$ 18,888,303</u>	<u>\$ 12,792,589</u>	<u>\$ (38,305)</u>	<u>\$ 155,801</u>	<u>\$ 13,629,616</u>	<u>\$ 13,785,417</u>	<u>\$ 12,723,347</u>	<u>\$ 50,753</u>	<u>\$ 12,774,100</u>	<u>\$ 1,011,317</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

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

Average daily membership (ADM) for fiscal year ended June 30, 2009, was 1,288. In addition, the District employed a monthly average of 96 certified employees and 72 non-certified employees.

*Joint Venture Without Equity Interest:*

Northern Ohio Educational Computer Association

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

*Jointly Governed Organizations:*

Penta Career Center

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

**B. BASIS OF ACCOUNTING**

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the District chooses to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with accounting principles generally accepted in the United States of America. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. FUND ACCOUNTING**

The District maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements.

The transactions of each fund are reflected in a self-balancing group of accounts, and accounting entity which stands separate from the activities reported in other funds.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

GOVERNMENTAL FUND TYPES:

General Fund

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

Special Revenue Funds

The Special Revenue Fund Type is used to account for proceeds of specific revenue sources (other than private purpose trusts, or major capital projects) that are legally restricted to disbursements for specified purposes. The District had the following significant special revenue funds for the fiscal year ended June 30, 2009:

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

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

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

Debt Service Funds

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The District had the following debt service fund for the fiscal year ended June 30, 2009:

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

*PROPRIETARY FUND TYPE:*

*Enterprise Funds*

The Enterprise Funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The District had the following significant enterprise fund for the fiscal year ended June 30, 2009:

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

*FIDUCIARY FUND TYPES:*

Fiduciary Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The District's fiduciary funds include private purpose trust funds and agency funds. These are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature. The District maintains one agency fund to account for student activities.

The District had the following significant private-purpose trust fund at June 30, 2009:

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

The District had the following agency fund at June 30, 2009:

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**D. BUDGETARY PROCESS**

1. Budget

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. All budgetary modifications at this level may only be made by resolution of the Board of Education.

2. Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

3. Estimated Resources

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Estimated receipts reported in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2009 and do not include the unencumbered fund balances as of July 1, 2008. However, those fund balances are available for appropriations.

4. Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriations, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

5. Encumbrances

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

6. Lapsing of Appropriations

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**E. CASH AND INVESTMENTS**

For reporting purposes, the District considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the District with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the District totaled \$98,394 for the fiscal year ended June 30, 2009.

**F. PROPERTY, PLANT AND EQUIPMENT**

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

**G. ACCUMULATED UNPAID VACATION, SICK LEAVE AND PERSONAL LEAVE**

Accumulated unpaid vacation leave, sick leave, and personal leave are not accrued under the cash basis of accounting described in Note 1. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practical to determine the actuarial value of these benefits as of June 30, 2009.

**H. INTERFUND TRANSACTIONS**

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

**I. INTERGOVERNMENTAL REVENUES**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**J. TOTAL COLUMNS ON FINANCIAL STATEMENTS**

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

**NOTE 2 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 2 - PROPERTY TAXES - (Continued)**

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Wood and Hancock Counties. The County Auditors periodically advance to the Districts its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2009, are available to finance fiscal year 2009 operations. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real property	\$ 95,785,420	90.32	\$ 103,655,820	91.55
Public utility real property	90,870	0.09	110,910	0.10
Tangible personal property (including public utility)	<u>10,174,257</u>	<u>9.59</u>	<u>9,457,640</u>	<u>8.35</u>
Total	<u>\$ 106,050,547</u>	<u>100.00</u>	<u>\$ 113,224,370</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$40.00		\$40.50

**NOTE 3 - CASH AND INVESTMENTS**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 3 - CASH AND INVESTMENTS - (Continued)**

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

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

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

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

State statute permits interim monies to be deposited or invested in the following securities:

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 3 - CASH AND INVESTMENTS - (Continued)**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 3 - CASH AND INVESTMENTS - (Continued)**

During fiscal year 2009, the District's investments were limited to STAR Ohio and Certificate of Deposits. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2009.

The carrying amount of cash and investments at June 30, 2009 was as follows:

Deposits:	
Demand deposits	\$ 4,750,970
Investments:	
STAR Ohio	<u>1,589,022</u>
Total deposits and investments	<u><u>\$ 6,339,992</u></u>

At June 30, 2009, the carrying amount of all District deposits was \$4,750,970. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$3,819,810 of the District's bank balance of \$250,970 was exposed to custodial risk as discussed below, while \$4,500,000 was covered by the Federal Deposit Insurance Corporation.

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, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 3 - CASH AND INVESTMENTS - (Continued)**

**Investments**

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	<u>\$ 1,589,022</u>	<u>\$ 1,589,022</u>

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

*Credit Risk:* The District's investments in STAR Ohio were assigned an AAAM money market rating by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

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

*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, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 1,589,022</u>	<u>100.00</u>

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 4 - DEBT OBLIGATIONS**

Debt activity and outstanding balances at June 30, 2009, was as follows:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2008</u>	<u>Retired in FY 2009</u>	<u>Outstanding June 30, 2009</u>
School Facilities					
Construction Bonds	Varying	12/1/2023	\$ 2,975,000	\$ (125,000)	\$ 2,850,000
Total			<u>\$ 2,975,000</u>	<u>\$ (125,000)</u>	<u>\$ 2,850,000</u>

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

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

<u>Fiscal Year Ending June 30,</u>	<u>School Facilities Construction Bonds</u>			—
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2010	\$ 130,000	\$ 141,895	\$ 271,895	
2011	140,000	136,122	276,122	
2012	145,000	129,923	274,923	
2013	150,000	122,570	272,570	
2014	160,000	113,928	273,928	
2015 - 2019	930,000	424,991	1,354,991	
2020 - 2024	<u>1,195,000</u>	<u>144,564</u>	<u>1,339,564</u>	
Total	<u>\$ 2,850,000</u>	<u>\$ 1,213,993</u>	<u>\$ 4,063,993</u>	

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 5 - INTERFUND TRANSACTIONS**

The District had the following advances for the fiscal year ended June 30, 2009:

<u>Fund Type/Fund</u>	<u>Advance In</u>	<u>Advance Out</u>
General Fund	\$ 80,560	\$ -
<u>Special Revenue Fund</u>		
High School Athletics	-	12,550
<u>Enterprise Funds</u>		
Lunchroom	-	52,055
Uniform School Supplies	-	14,300
Total Enterprise Funds	-	66,355
<u>Agency Fund</u>		
Student Managed Activity	-	1,655
Total	<u>\$ 80,560</u>	<u>\$ 80,560</u>

**NOTE 6 - RELATED ORGANIZATION**

The Wayne Public Library is a related organization to the District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determine its own budget. The Library did not receive any funding from the District during fiscal year 2009.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 7 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a 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](http://www.ohsers.org), under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$136,452, \$117,696 and \$134,857, respectively; 43.77 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**B. State Teachers Retirement System of Ohio**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 7 - PENSION PLANS - (Continued)**

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.

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 7 - PENSION PLANS - (Continued)**

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$681,236, \$671,874 and \$641,949, respectively; 83.33 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$4,729 made by the District and \$11,563 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 8 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 8 - 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 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$86,491, \$72,080 and \$77,529, respectively; 43.77 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$11,258, \$8,737 and \$9,470, respectively; 43.77 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**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](http://www.strsoh.org) or by calling (888) 227-7877.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)**

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 2009, 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, 2009, 2008, and 2007 were \$52,403, \$50,117 and \$50,844, respectively; 83.33 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**NOTE 9 - EMPLOYEE BENEFITS**

*A. OTHER EMPLOYEE BENEFITS*

The District provides health and major insurance for all eligible employees through Medical Mutual of Ohio. The District pays 95% of single plan and 90% of family plan. Those amounts are the same on the Tradition and for the PPO plans for the Certified staff. For the Classified staff - Board pays 85% for Family and 100% for Single (for those hired before 9-1-92). For those hired after 9-1-92 for the PPO the Board pays 90% of the family and 100% of the single.

Current monthly premiums for the medical plan are:

Medical

Single Traditional - \$556.52  
Single PPO (classified) - \$406.99  
Family PPO (classified) - \$1,084.73  
Single PPO (certified) - \$406.99  
Family PPO (certified) - \$1,084.73

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

Dental - Annual Premium cost

Family Dental - \$95.79  
Single Dental - \$35.22

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 9 - EMPLOYEE BENEFITS - (Continued)**

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

*B. DEFERRED COMPENSATION*

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

**NOTE 10 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year ending June 30, 2009, the District contracted with various insurance companies for property and general liability insurance, including criminal, mechanical, electrical and pressure equipment, inland marine and fleet coverage.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 11 - INSURANCE PURCHASING POOL**

The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to districts that can meet the Plan's selection criteria. The firm of Sheakley Uniservice provides administrative, cost control and actuarial services to the Plan.

**NOTE 12 - INCOME TAX**

The District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. This tax is comprised of two issues of which both were renewed on November 4, 2009; .50% expires January 1, 2016 and .75% expires January 1, 2017. Employers of residents are required to withhold income tax on compensation and remit the tax to the State of Ohio. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund in the amount of \$1,557,038.

**NOTE 13 - SET-ASIDE CALCULATIONS**

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 13 - SET-ASIDE CALCULATIONS - (Continued)**

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

	<u>Textbook Reserve</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2008	\$ (1,680,973)	\$ (5,236,578)
Current year set-aside requirement	201,014	201,014
Qualifying off-sets	-	(79,669)
Qualifying disbursements	<u>(354,517)</u>	<u>(218,592)</u>
Total	<u>\$ (1,834,476)</u>	<u>\$ (5,333,825)</u>
Balance carried forward to FY 2010	<u>\$ (1,834,476)</u>	<u>\$ (5,236,578)</u>

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

**NOTE 14 - 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2009.

*B. LITIGATION*

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

## **SUPPLEMENTARY DATA**

**ELMWOOD LOCAL SCHOOL DISTRICT**  
**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>				
(C) National School Lunch Program	10.555	2009	\$ 182,687	\$ 182,687
(D ) National School Lunch Program - Food Donation	10.555	2009	23,186	23,186
<b>Total National School Lunch Program</b>			<u>205,873</u>	<u>205,873</u>
<b>Total U.S. Department of Agriculture</b>			<u>205,873</u>	<u>205,873</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
Title I Grants to Local Educational Agencies	84.010	2009	91,413	91,413
<b>Total Title I Grants to Local Educational Agencies</b>			<u>91,413</u>	<u>91,413</u>
Special Education_Grants to States	84.027	2009	226,984	226,984
<b>Total Special Education Grants to State</b>			<u>226,984</u>	<u>226,984</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2009	2,739	2,739
<b>Total Safe and Drug-Free Schools and Communities_State Grants</b>			<u>2,739</u>	<u>2,739</u>
State Grants for Innovative Programs	84.298	2009	884	884
<b>Total State Grants for Innovative Programs</b>			<u>884</u>	<u>884</u>
Education Technology State Grants	84.318	2009	856	856
<b>Total Educational Technology State Grants</b>			<u>856</u>	<u>856</u>
Improving Teacher Quality State Grants	84.367	2008	-	153
Improving Teacher Quality State Grants	84.367	2009	47,251	47,251
<b>Total Improving Teacher Quality State Grants</b>			<u>47,251</u>	<u>47,404</u>
<b>Total U.S. Department of Education</b>			<u>370,127</u>	<u>370,280</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 576,000</u>	<u>\$ 576,153</u>

(A) OAKS did not assign pass-through numbers for fiscal year 2009.

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

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

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



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**Report on Compliance and Other Matters and on Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

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

We have audited the financial statements of the Elmwood Local School District, Wood County, Ohio, as of and for the fiscal year ended June 30, 2009, and have issued our report thereon dated November 24, 2009. For the fiscal year ended June 30, 2009, the Elmwood Local School District prepared its financial report on the basis of accounting in accordance with the standards prescribed by the Auditor of State for governmental entities that are not required to prepare their annual report in accordance with accounting principles generally accepted in the United States of America, and is non-compliant with Ohio Administrative Code Section 117-2-03(B) and thus was issued an adverse opinion. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Board of Education  
Elmwood Local School District

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Elmwood Local School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Elmwood Local School District's financial statements that is more than inconsequential will not be prevented or detected by the Elmwood Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Elmwood Local School District's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Elmwood Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as 2009-ELSD-001.

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

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



Julian & Grube, Inc.  
November 24, 2009



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

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

Compliance

We have audited the compliance of Elmwood Local School District, Wood County, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009. For the fiscal year ended June 30, 2009, the Elmwood Local School District prepared its financial report on the basis of accounting in accordance with the standards prescribed by the Auditor of State for governmental entities that are not required to prepare its annual report in accordance with accounting principles generally accepted in the United States of America, and is non-compliant with Ohio Administrative Code Section 117-2-03(B) and thus was issued an adverse opinion. The Elmwood Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and responses. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Elmwood Local School District's management. Our responsibility is to express an opinion on the Elmwood Local School District compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could directly and materially effect a major federal program. An audit includes examining, on a test basis, evidence about the Elmwood Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Elmwood Local School District's compliance with those requirements.

Board of Education  
Elmwood Local School District

In our opinion, the Elmwood Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the fiscal year ended June 30, 2009.

#### Internal Control Over Compliance

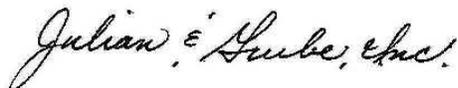
The management of Elmwood Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Elmwood Local School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Elmwood Local School District's internal control over compliance.

A control deficiency in Elmwood Local School District's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Elmwood Local School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Elmwood Local School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Elmwood Local School District's internal control.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Julian & Grube, Inc.  
November 24, 2009

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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2009**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Adverse
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Title I Grants to Local Education Agencies: CFDA #84.010 Special Education Grants to States: CFDA #84.027
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2009**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
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Finding Number	2009-ELSD-001
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Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). However, as described in Note 1, the District prepares its financial statements on the basis of accounting in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual reports in accordance with accounting principles generally accepted in the United States of America. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

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

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

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

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

**STATUS OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2009**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid</b>
2008-ELSD-001	Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). However, as described in Note 1, the District prepares its financial statements on the basis of accounting formerly prescribed or permitted for school districts by the Auditor of State, which is a basis of accounting other than GAAP.	No	Repeated as finding 2009-ELSD-001



## **Julian & Grube, Inc.**

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### **Independent Accountant's Report on Applying Agreed-Upon Procedures**

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on April 21, 2008.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;

- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States.
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

This report is intended solely for the information and use of the Board of Education of Elmwood Local School District and is not intended to be and should not be used by anyone other than this specified party.



Julian & Grube, Inc.  
November 24, 2009



**Mary Taylor, CPA**  
Auditor of State

**ELMWOOD LOCAL SCHOOL DISTRICT**  
**WOOD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**JANUARY 5, 2010**