



**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Elgin Local School District  
Marion County  
4616 LaRue-Prospect Road  
Marion, Ohio 43302

To the Board of Education:

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Elgin Local School District, Marion County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**JIM PETRO**  
Auditor of State

October 16, 2000



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**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Cash and Cash Equivalents	\$4,062,243	\$162,904	\$41	\$71,214
Cash and Cash Equivalents with Fiscal Agents	0	1,103	0	0
<u>Receivables:</u>				
Property Taxes	3,912,622	0	0	0
Accounts	15,349	852	0	0
Intergovernmental	40,487	12,106	0	0
Interfund	17,206	0	0	0
Prepaid Items	95,999	4,902	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	54,535	0	0	0
<u>Restricted Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	311,472	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount to be Provided from General Governmental Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$8,509,913</b>	<b>\$181,867</b>	<b>\$41</b>	<b>\$71,214</b>



<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$7,152	\$26,884	\$0	\$0	\$4,330,438
0	0	0	0	1,103
0	0	0	0	3,912,622
15	0	0	0	16,216
1,606	0	0	0	54,199
0	0	0	0	17,206
1,562	0	0	0	102,463
10,963	0	0	0	10,963
2,513	0	0	0	57,048
0	0	0	0	311,472
71,724	0	5,052,867	0	5,124,591
0	0	0	636,274	636,274
<u>\$95,535</u>	<u>\$26,884</u>	<u>\$5,052,867</u>	<u>\$636,274</u>	<u>\$14,574,595</u>

(continued)

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000  
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity, and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$25,750	\$1,360	\$0	\$0
Accrued Wages and Benefits	844,699	15,018	0	0
Compensated Absences Payable	19,040	408	0	0
Intergovernmental Payable	155,661	1,481	0	0
Interfund Payable	0	17,206	0	0
Deferred Revenue	3,053,300	0	0	0
Due to Students	0	0	0	0
Capital Leases Payable	0	0	0	0
Total Liabilities	4,098,450	35,473	0	0
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Property Taxes	859,322	0	0	0
Reserved for Inventory	54,535	0	0	0
Reserved for Textbooks	44,342	0	0	0
Reserved for Capital Improvements	90,112	0	0	0
Reserved for Budget Stabilization	108,018	0	0	0
Reserved for Bus Purchase	7,717	0	0	0
Reserved for Contributions	0	0	0	0
Reserved for Encumbrances	160,418	6,102	41	0
Unreserved (Deficit)	3,086,999	140,292	0	71,214
Total Fund Equity and Other Credits	4,411,463	146,394	41	71,214
Total Liabilities, Fund Equity, and Other Credits	\$8,509,913	\$181,867	\$41	\$71,214

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$0	\$0	\$0	\$0	\$27,110
12,063	0	0	0	871,780
6,584	0	0	559,980	586,012
12,133	0	0	76,294	245,569
0	0	0	0	17,206
6,400	0	0	0	3,059,700
0	14,296	0	0	14,296
40,752	0	0	0	40,752
<u>77,932</u>	<u>14,296</u>	<u>0</u>	<u>636,274</u>	<u>4,862,425</u>
0	0	5,052,867	0	5,052,867
17,603	0	0	0	17,603
0	0	0	0	859,322
0	0	0	0	54,535
0	0	0	0	44,342
0	0	0	0	90,112
0	0	0	0	108,018
0	0	0	0	7,717
0	10,000	0	0	10,000
0	2,414	0	0	168,975
0	174	0	0	3,298,679
<u>17,603</u>	<u>12,588</u>	<u>5,052,867</u>	<u>0</u>	<u>9,712,170</u>
<u>\$95,535</u>	<u>\$26,884</u>	<u>\$5,052,867</u>	<u>\$636,274</u>	<u>\$14,574,595</u>

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Revenues:</b>					
Property Taxes	\$3,847,423	\$0	\$0	\$0	\$3,847,423
Intergovernmental	4,412,608	327,147	0	76,536	4,816,291
Interest	278,868	2,284	0	0	281,152
Tuition and Fees	268,984	0	0	0	268,984
Extracurricular Activities	9,900	82,661	0	0	92,561
Gifts and Donations	0	26,052	0	0	26,052
Miscellaneous	74,837	7,916	0	0	82,753
<b>Total Revenues</b>	<b>8,892,620</b>	<b>446,060</b>	<b>0</b>	<b>76,536</b>	<b>9,415,216</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	4,611,520	101,012	0	18,153	4,730,685
Special	333,234	162,640	0	0	495,874
Vocational	186,408	0	0	0	186,408
Adult/Continuing	0	1,826	0	0	1,826
Other	3,762	0	0	0	3,762
<b>Support Services:</b>					
Pupils	233,797	80,035	0	0	313,832
Instructional Staff	230,264	46,138	0	0	276,402
Board of Education	16,454	0	0	0	16,454
Administration	960,410	11,326	0	0	971,736
Fiscal	257,087	2,006	0	0	259,093
Operation and Maintenance of Plant	841,911	2,468	0	6,000	850,379
Pupil Transportation	658,659	1,912	0	0	660,571
Non-Instructional Services	0	2,700	0	0	2,700
Extracurricular Activities	122,908	89,804	0	0	212,712
Capital Outlay	5,132	0	0	0	5,132
<b>Total Expenditures</b>	<b>8,461,546</b>	<b>501,867</b>	<b>0</b>	<b>24,153</b>	<b>8,987,566</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>431,074</b>	<b>(55,807)</b>	<b>0</b>	<b>52,383</b>	<b>427,650</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Fixed Assets	100	0	0	0	100
Operating Transfers In	0	43,494	0	0	43,494
Operating Transfers Out	(43,494)	0	0	0	(43,494)
<b>Total Other Financing Sources (Uses)</b>	<b>(43,394)</b>	<b>43,494</b>	<b>0</b>	<b>0</b>	<b>100</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>387,680</b>	<b>(12,313)</b>	<b>0</b>	<b>52,383</b>	<b>427,750</b>
Fund Balances at Beginning of Year	4,027,487	158,707	41	18,831	4,205,066
Decrease in Reserve for Inventory	(3,704)	0	0	0	(3,704)
<b>Fund Balances at End of Year</b>	<b>\$4,411,463</b>	<b>\$146,394</b>	<b>\$41</b>	<b>\$71,214</b>	<b>\$4,629,112</b>

See Accompanying Notes to the General Purpose Financial Statements

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$3,948,498	\$3,851,527	(\$96,971)	\$0	\$0	\$0
Intergovernmental	4,305,000	4,380,023	75,023	319,230	287,765	(31,465)
Interest	265,000	278,868	13,868	2,185	2,284	99
Tuition and Fees	273,632	269,377	(4,255)	0	0	0
Extracurricular Activities	10,000	9,900	(100)	88,350	84,547	(3,803)
Gifts and Donations	0	0	0	24,530	26,393	1,863
Miscellaneous	65,600	87,493	21,893	3,000	7,607	4,607
Total Revenues	8,867,730	8,877,188	9,458	437,295	408,596	(28,699)
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	4,697,305	4,655,841	41,464	124,571	97,819	26,752
Special	377,066	342,358	34,708	163,939	153,686	10,253
Vocational	211,259	193,162	18,097	0	0	0
Adult/Continuing	0	0	0	13,699	1,818	11,881
Other	19,312	10,245	9,067	0	0	0
<b>Support Services:</b>						
Pupils	297,505	246,758	50,747	80,200	79,746	454
Instructional Staff	254,981	234,513	20,468	22,155	16,113	6,042
Board of Education	22,645	18,584	4,061	0	0	0
Administration	1,017,154	948,698	68,456	13,019	10,863	2,156
Fiscal	268,890	255,481	13,409	2,011	2,011	0
Operation and Maintenance of Plant	1,178,710	1,011,788	166,922	2,468	2,468	0
Pupil Transportation	751,686	720,082	31,604	442	442	0
Non-Instructional Services	0	0	0	2,700	2,700	0
Extracurricular Activities	126,500	123,152	3,348	110,371	94,309	16,062
Capital Outlay	10,500	5,132	5,368	0	0	0
<b>Debt Service:</b>						
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	9,233,513	8,765,794	467,719	535,575	461,975	73,600
Excess of Revenues Over (Under) Expenditures	(365,783)	111,394	477,177	(98,280)	(53,379)	44,901
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	5,000	100	(4,900)	0	0	0
Refund of Prior Year Expenditures	500	326	(174)	0	0	0
Operating Transfers In	0	0	0	38,000	37,346	(654)
Operating Transfers Out	(39,500)	(37,346)	2,154	0	0	0
Advances In	2,000	50	(1,950)	17,256	17,256	0
Advances Out	(19,000)	(17,256)	1,744	0	(50)	(50)
Total Other Financing Sources (Uses)	(51,000)	(54,126)	(3,126)	55,256	54,552	(704)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(416,783)	57,268	474,051	(43,024)	1,173	44,197
Fund Balances at Beginning of Year	3,696,116	3,696,116	0	150,548	150,548	0
Prior Year Encumbrances Appropriated	300,255	300,255	0	3,720	3,720	0
Fund Balances at End of Year	\$3,579,588	\$4,053,639	\$474,051	\$111,244	\$155,441	\$44,197

(continued)

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

	Debt Service Fund			Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	0	0	0	76,536	76,536	0
Interest	0	0	0	0	0	0
Tuition and Fees	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total Revenues	0	0	0	76,536	76,536	0
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	0	0	0	84,363	18,153	66,210
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Adult/Continuing	0	0	0	0	0	0
Other	0	0	0	0	0	0
Support Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	11,004	6,000	5,004
Pupil Transportation	0	0	0	0	0	0
Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Interest and Fiscal Charges	41	41	0	0	0	0
Total Expenditures	41	41	0	95,367	24,153	71,214
Excess of Revenues Over (Under) Expenditures	(41)	(41)	0	(18,831)	52,383	71,214
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(41)	(41)	0	(18,831)	52,383	71,214
Fund Balances at Beginning of Year	0	0	0	1,887	1,887	0
Prior Year Encumbrances Appropriated	41	41	0	16,944	16,944	0
Fund Balances at End of Year	\$0	\$0	\$0	\$0	\$71,214	\$71,214

See Accompanying Notes to the General Purpose Financial Statements

<b>Totals (Memorandum Only)</b>		
<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
\$3,948,498	\$3,851,527	(\$96,971)
4,700,766	4,744,324	43,558
267,185	281,152	13,967
273,632	269,377	(4,255)
98,350	94,447	(3,903)
24,530	26,393	1,863
68,600	95,100	26,500
<u>9,381,561</u>	<u>9,362,320</u>	<u>(19,241)</u>
4,906,239	4,771,813	134,426
541,005	496,044	44,961
211,259	193,162	18,097
13,699	1,818	11,881
19,312	10,245	9,067
377,705	326,504	51,201
277,136	250,626	26,510
22,645	18,584	4,061
1,030,173	959,561	70,612
270,901	257,492	13,409
1,192,182	1,020,256	171,926
752,128	720,524	31,604
2,700	2,700	0
236,871	217,461	19,410
10,500	5,132	5,368
41	41	0
<u>9,864,496</u>	<u>9,251,963</u>	<u>612,533</u>
<u>(482,935)</u>	<u>110,357</u>	<u>593,292</u>
5,000	100	(4,900)
500	326	(174)
38,000	37,346	(654)
(39,500)	(37,346)	2,154
19,256	17,306	(1,950)
<u>(19,000)</u>	<u>(17,306)</u>	<u>1,694</u>
<u>4,256</u>	<u>426</u>	<u>(3,830)</u>
(478,679)	110,783	589,462
3,848,551	3,848,551	0
320,960	320,960	0
<u>\$3,690,832</u>	<u>\$4,280,294</u>	<u>\$589,462</u>

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**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE  
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
<u>Operating Revenues:</u>			
Sales	\$307,040	\$0	\$307,040
Interest	0	699	699
Other Operating Revenues	18,900	0	18,900
Total Operating Revenues	<u>325,940</u>	<u>699</u>	<u>326,639</u>
<u>Operating Expenses:</u>			
Salaries	61,097	0	61,097
Fringe Benefits	27,171	0	27,171
Purchased Services	168,445	0	168,445
Cost of Sales	211,524	0	211,524
Depreciation	4,211	0	4,211
Other Operating Expenses	0	500	500
Total Operating Expenses	<u>472,448</u>	<u>500</u>	<u>472,948</u>
Operating Income (Loss)	<u>(146,508)</u>	<u>199</u>	<u>(146,309)</u>
<u>Non-Operating Revenues (Expenses):</u>			
Federal Donated Commodities	42,771	0	42,771
Operating Grants	99,421	0	99,421
Interest Revenue	1,168	0	1,168
Interest and Fiscal Charges	(5,197)	0	(5,197)
Loss on Disposal of Fixed Assets	(1,354)	0	(1,354)
Total Non-Operating Revenues (Expenses)	<u>136,809</u>	<u>0</u>	<u>136,809</u>
Net Income (Loss)	(9,699)	199	(9,500)
Retained Earnings/Fund Balance at Beginning of Year	<u>27,302</u>	<u>12,389</u>	<u>39,691</u>
Retained Earnings/Fund Balance at End of Year	<u><u>\$17,603</u></u>	<u><u>\$12,588</u></u>	<u><u>\$30,191</u></u>

See Accompanying Notes to the General Purpose Financial Statements

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<b>Enterprise Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<u>Revenues:</u>			
Sales	\$310,950	\$307,032	(\$3,918)
Interest	1,300	1,168	(132)
Other Revenues	15,000	19,093	4,093
Operating Grants	126,000	97,815	(28,185)
Total Revenues	453,250	425,108	(28,142)
<u>Expenses:</u>			
Salaries	66,000	62,027	3,973
Fringe Benefits	42,810	37,187	5,623
Purchased Services	350,010	349,748	262
Capital Outlay	4,990	4,990	0
Other Expenses	0	0	0
Total Expenses	463,810	453,952	9,858
Excess of Revenues			
Under Expenses	(10,560)	(28,844)	(18,284)
Fund Balances at Beginning of Year	35,696	35,696	0
Fund Balances at End of Year	\$25,136	\$6,852	(\$18,284)

See Accompanying Notes to the General Purpose Financial Statements

Non-Expendable Trust Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$310,950	\$307,032	(\$3,918)
730	699	(31)	2,030	1,867	(163)
0	0	0	15,000	19,093	4,093
0	0	0	126,000	97,815	(28,185)
<u>730</u>	<u>699</u>	<u>(31)</u>	<u>453,980</u>	<u>425,807</u>	<u>(28,173)</u>
0	0	0	66,000	62,027	3,973
0	0	0	42,810	37,187	5,623
0	0	0	350,010	349,748	262
0	0	0	4,990	4,990	0
<u>2,964</u>	<u>2,914</u>	<u>50</u>	<u>2,964</u>	<u>2,914</u>	<u>50</u>
<u>2,964</u>	<u>2,914</u>	<u>50</u>	<u>466,774</u>	<u>456,866</u>	<u>9,908</u>
(2,234)	(2,215)	19	(12,794)	(31,059)	(18,265)
<u>12,389</u>	<u>12,389</u>	<u>0</u>	<u>48,085</u>	<u>48,085</u>	<u>0</u>
<u>\$10,155</u>	<u>\$10,174</u>	<u>\$19</u>	<u>\$35,291</u>	<u>\$17,026</u>	<u>(\$18,265)</u>

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals</b>
	<b>Enterprise</b>	<b>Non-Expendable Trust</b>	<b>(Memorandum Only)</b>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$307,032	\$0	\$307,032
Cash Received from Other Revenues	19,093	0	19,093
Cash Payments for Salaries	(62,027)	0	(62,027)
Cash Payments for Fringe Benefits	(37,187)	0	(37,187)
Cash Payments to Suppliers for Goods and Services	(337,101)	0	(337,101)
Cash Payments for Other Expenses	0	(500)	(500)
Net Cash Used for Operating Activities	(110,190)	(500)	(110,690)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Cash Received from Operating Grants	97,815	0	97,815
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Cash Payments for Fixed Assets	(4,990)		(4,990)
Cash Payments for Lease Principal	(7,150)		(7,150)
Cash Payments for Lease Interest	(5,197)		(5,197)
Net Cash Used for Capital and Related Financing Activities	(17,337)	0	(17,337)
<u>Cash Flows from Investing Activities:</u>			
Cash Received from Interest	1,168	699	1,867
Net Increase (Decrease) in Cash and Cash Equivalents	(28,544)	199	(28,345)
Cash and Cash Equivalents at Beginning of Year	35,696	12,389	48,085
Cash and Cash Equivalents at End of Year	\$7,152	\$12,588	\$19,740
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss)	(\$146,508)	\$199	(\$146,309)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Depreciation	4,211	0	4,211
Donated Commodities Used During Year	42,771	0	42,771
Interest Reported as Operating Income	0	(699)	(699)
<u>Changes in Assets and Liabilities:</u>			
Decrease in Accounts Receivable	185	0	185
Increase in Prepaid Items	(139)	0	(139)
Increase in Inventory Held for Resale	(1,108)	0	(1,108)
Increase in Materials and Supplies Inventory	(218)	0	(218)
Decrease in Accrued Wages and Benefits	(1,026)	0	(1,026)
Increase in Compensated Absences Payable	374	0	374
Decrease in Intergovernmental Payable	(8,732)	0	(8,732)
Net Cash Used for Operating Activities	(\$110,190)	(\$500)	(\$110,690)

Non-Cash Transactions

During fiscal year 2000, the School District's Food Service enterprise fund entered into a lease agreement for equipment. Fixed assets, in the amount of \$47,902, have been capitalized in the Food Service enterprise fund.

Reconciliation of Non-Expendable Trust Funds Cash and Cash Equivalents to Balance Sheet:

All Fiduciary Fund Types	\$26,884
Less Agency Funds	(14,296)
Cash and Cash Equivalents-Non-Expendable Trust Funds	\$12,588

See Accompanying Notes to the General Purpose Financial Statements

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1960. The School District serves an area of approximately one hundred sixty-four square miles. It is located in Delaware, Hardin, and Marion Counties. The School District is the 341st largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by forty-nine classified employees, one hundred seven certified teaching personnel, and seven administrative employees who provide services to 1,686 students and other community members. The School District currently operates two elementary schools, a junior high school, a high school, and an administration building.

**Reporting Entity**

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Elgin Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Elgin Local School District.

The School District is associated with two jointly governed organizations and an insurance pool. These organizations are the Tri-Rivers Educational Computer Association (TRECA), Tri-Rivers Joint Vocational School, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Elgin Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. Following are the more significant of the School District's accounting policies.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories of governmental, proprietary, and fiduciary.

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

**General Fund**

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

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund**

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Presentation - Fund Accounting (Continued)**

**Governmental Fund Types: (Continued)**

**Capital Projects Funds**

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

**Proprietary Fund Type:**

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

**Enterprise Fund**

The enterprise fund is used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include non-expendable trust funds and agency funds. The non-expendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group**

This account group is established to account for all fixed assets of the School District, except those accounted for in proprietary funds or trust funds.

**General Long-Term Obligations Account Group**

This account group is established to account for all long-term obligations of the School District, except those accounted for in proprietary funds or trust funds.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The proprietary fund type and non-expendable trust funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental fund types and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: grants, interest, tuition, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.



**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type and non-expendable trust funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Process**

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 primary level of budgetary control is at the object level within each function and fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The Early Childhood Preschool and Library Grant special revenue funds are flow through grants in which the North Central Ohio Educational Service Center and Pleasant Local School District are the primary recipients. Budgetary information for these funds is not included within the School District's reporting entity for which the "appropriated budget" is adopted.

**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 Marion County Budget Commission for rate determination.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

**Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 2000.

**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 is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriation resolutions were legally enacted.

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.

**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 non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and reported in the notes to the financial statements for the proprietary fund type and non-expendable trust funds.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

**Lapsing of Appropriations**

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

**D. Cash and Investments**

To improve cash management, cash received by the School District is pooled, except for trust funds. Monies for all other funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Cash and Cash Equivalents" on the combined balance sheet.

Cash and cash equivalents held for the School District by the North Central Ohio Educational Service Center and Pleasant Local School District are included on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents".

During fiscal year 2000, investments were limited to STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2000.

The School District has allocated interest according to Ohio statutes. Interest revenue credited to the General Fund during fiscal year 2000 was \$278,868, which included \$11,569 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**E. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Inventory**

Inventory of governmental funds is stated at cost while inventory of proprietary funds is stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in the governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventory in the proprietary funds consists of donated and purchased food and is expensed when used.

**G. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set aside for the purchase of textbooks and other instructional materials, the acquisition and construction of capital improvements, and to create a reserve for budget stabilization. Restricted assets also include unexpended revenues restricted for the purchase of school buses. See Note 16 for additional information regarding the set asides.

**H. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary fund are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund is computed using the straight-line method over an estimated useful life of eight to twenty years.

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "Interfund Receivables/Payables".

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

**K. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments for these obligations made more than sixty days after fiscal year end are considered not to have used current available expendable resources.

Long-term debt and other obligations financed by the proprietary fund are reported as liabilities in the fund.

**L. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, inventories of materials and supplies, textbooks, capital improvements, budget stabilization, bus purchase, contributions, and encumbrances.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Fund Balance Reserves (Continued)**

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The reserve for contributions signifies legal restrictions on the use of principal in the non-expendable trust funds.

**M. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

**Entitlements**

**General Fund**

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Allocation

**Non-Reimbursable Grants**

**Special Revenue Funds**

- County Teacher
- Phonics Demonstration Project
- Professional Development
- Education Management Information Systems
- SchoolNet Professional Development
- Ohio Reads
- Safe School Helpline
- Eisenhower
- Title VI-B
- Title I
- Title VI
- Drug Free
- Early Childhood Preschool
- Continuous Improvement Development
- Reducing Class Size
- Library Grant

**Capital Projects Funds**

- SchoolNet Plus
- Network Connectivity
- Textbook/Instructional Materials

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Intergovernmental Revenues (Continued)**

**Reimbursable Grants**

**General Fund**

Driver Education

**Special Revenue**

Telecommunication

**Proprietary Fund**

National School Lunch Program

Government Donated Commodities

Grants and entitlements amounted to approximately 51 percent of the revenues of the School District's governmental fund types during the 2000 fiscal year.

**N. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**O. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**P. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**3. ACCOUNTABILITY**

At June 30, 2000, the Education Management Information Systems, Ohio Reads, Title I, and Reducing Class Size special revenue funds had deficit fund balances, in the amount of \$1,494, \$3,603, \$8,822, and \$307, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type and Non-Expendable Trust Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type and non-expendable trust funds (GAAP basis).
4. For enterprise funds, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Although not part of the appropriated budget, the Early Childhood Preschool and Library Grant special revenue funds are included as part of the reporting entity when preparing financial statements that conform with GAAP.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
Governmental Fund Types

	General	Special Revenue	Debt Service
GAAP Basis	\$387,680	(\$12,313)	\$0
<u>Increase (Decrease) Due To:</u>			
Revenue Accruals:			
Accrued FY 1999, Received in Cash FY 2000	895,825	3,079	0
Accrued FY 2000, Not Yet Received in Cash	(910,881)	(12,958)	0
Expenditure Accruals:			
Accrued FY 1999, Paid in Cash FY 2000	(1,009,135)	(1,457)	0
Accrued FY 2000, Not Yet Paid in Cash	1,040,873	18,267	0

(Continued)



**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
Governmental Fund Types  
(continued)

	General	Special Revenue	Debt Service
Cash Adjustments:			
Unrecorded Activity FY 2000	(\$50)	\$0	\$0
Prepaid Items	(9,812)	(2,546)	0
Advances In	50	17,256	0
Advances Out	(17,256)	(50)	0
Excess of Revenues Over Expenditures for Nonbudgeted Funds	0	(642)	0
Encumbrances Outstanding at Year End (Budget Basis)	(320,026)	(7,463)	(41)
Budget Basis	\$57,268	\$1,173	(\$41)

Net Income (Loss)/Excess of Revenues Under Expenses  
Proprietary Fund Type and Non-Expendable Trust Funds

	Proprietary Fund Type	Non-Expendable Trust
	Enterprise	
GAAP Basis	(\$9,699)	\$199
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued FY 1999, Received in Cash FY 2000	200	0
Accrued FY 2000, Not Yet Received in Cash	(1,621)	0

(continued)

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

Net Income (Loss)/Excess of Revenues Under Expenses  
Proprietary Fund Type and Non-Expendable Trust Funds  
(continued)

	Proprietary Fund Type	
	Enterprise	Non-Expendable Trust
Expense Accruals:		
Accrued FY 1999, Paid in Cash FY 2000	(\$40,164)	\$0
Accrued FY 2000, Not Yet Paid in Cash	30,780	0
Prepaid Items	(139)	0
Inventory Held for Resale	(1,108)	0
Materials and Supplies Inventory	(218)	0
Acquisition of Fixed Assets	(4,990)	0
Lease Principal Retirement	(7,150)	0
Depreciation Expense	4,211	0
Loss on Disposal of Fixed Assets	1,354	0
Encumbrances Outstanding at Year End (Budget Basis)	(300)	(2,414)
Budget Basis	(\$28,844)	(\$2,215)

**5. DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the School 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 School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two 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.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

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.

Protection of the School 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.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. 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.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

At fiscal year end, the School District had \$210 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Cash and Cash Equivalents".

At fiscal year end, the School District had \$1,103 in cash and cash equivalents with fiscal agents which are included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agents". This represents \$920 held by the North Central Ohio Educational Service Center and \$183 held by Pleasant Local School District who hold this flow through grant money for the School District together with that of other school districts, and therefore, the School District cannot classify this money by risk under GASB Statement No.3.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

At fiscal year end, the carrying amount of the School District's deposits was (\$3,680) and the bank balance was \$116,844. Of the bank balance, \$100,000 was covered by federal depository insurance and \$16,844 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio is unclassified since it is not evidenced by securities that exist in physical or book entry form. At June 30, 2000, the fair value of funds on deposit with STAR Ohio was \$4,645,380.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$4,643,013	\$0
Cash on Hand	(210)	0
Cash and Cash Equivalents with Fiscal Agents	(1,103)	0
Investments:		
STAR Ohio	(4,645,380)	4,645,380
GASB Statement No. 3	(\$3,680)	\$4,645,380

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes. Real property taxes for 2000 were levied after April 1, 2000, on the assessed values as of January 1, 2000, 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 real and tangible personal property taxes for 2000 were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. Tangible personal property taxes for 2000 were levied after April 1, 1999, on the value as of December 31, 1999. Tangible personal property is currently assessed at 25 percent of true value. 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.

The School District receives property taxes from Delaware, Hardin, and Marion Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$859,322 in the General Fund. The amount available as an advance at June 30, 1999, was \$863,426 in the General Fund.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**6. PROPERTY TAXES (Continued)**

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	73,867,150	54.75%	\$75,783,830	56.00%
Industrial/Commercial	15,286,000	11.33	15,399,610	11.38
Public Utility	11,519,060	8.54	11,040,100	8.16
Tangible Personal	34,237,260	25.38	33,095,960	24.46
Total Assessed Value	<u>134,909,470</u>	<u>100.00%</u>	<u>135,319,500</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$38.10		\$38.60	

**7. RECEIVABLES**

Receivables at June 30, 2000, consisted of property taxes, accounts (student fees and billings for user charged services), intergovernmental, and interfund receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. Accounts receivable at June 30 were \$16,216.

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	
Tri-Rivers JVS	\$1,201
North Central Ohio ESC	72
Ohio School Board Association	1,580
U.S. Post Office	1,449
Driver Education	1,400
Marion Technical College	34,785
Total General Fund	<u>40,487</u>
Special Revenue Funds	
Athletic and Music	309
Title I	9,379
Telecommunication	2,418
Total Special Revenue Funds	<u>12,106</u>

(continued)

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**7. RECEIVABLES (Continued)**

	Amount
Enterprise Fund	
Food Service	\$1,606
Total Intergovernmental Receivables	\$54,199

**8. FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$164,968
Less Accumulated Depreciation	(93,244)
Net Fixed Assets	\$71,724

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
Land and Improvements	\$121,467	\$0	\$0	\$121,467
Buildings and Improvements	1,062,584	0	0	1,062,584
Furniture, Fixtures, and Equipment	2,126,835	133,055	28,624	2,231,266
Textbooks	556,137	0	0	556,137
Vehicles	991,641	136,332	46,560	1,081,413
Totals	\$4,858,664	\$269,387	\$75,184	\$5,052,867

**9. INTERFUND ASSETS/LIABILITIES**

At June 30, 2000, the General Fund had an interfund receivable, in the amount of \$17,206, and the Ohio Reads and Title I special revenue funds had interfund payables, in the amount of \$10,155 and \$7,051, respectively.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**10. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted for the following insurance coverages.

Coverages provided by Wausau Insurance are as follows:

Automobile Liability	\$2,000,000
Uninsured Motorists	2,000,000
Comprehensive (\$100 deductible)	
Collision (\$250 deductible)	
Medical Payments - per person	5,000

Coverages provided by Nationwide Insurance are as follows:

General Liability	
Per Occurrence	2,000,000
Total Per Year	5,000,000
Fire Damage	100,000
Medical Expense	5,000

Coverages provided by Indiana Insurance are as follows:

Building and Contents/Boiler and Machinery	
(\$3,000 deductible)	21,181,599
Inland Marine Coverage	
(\$100 deductible - all but mechanical breakdown)	240,616
(\$1,000 deductible - mechanical breakdown)	

Coverages provided by Peerless Insurance are as follows:

Public Employee Dishonesty Bond	10,000
---------------------------------	--------

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

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants 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.



**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**10. RISK MANAGEMENT (Continued)**

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**11. DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$269,532, \$248,882, and \$420,989, respectively; 84 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$44,283, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**11. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. School Employees Retirement System (Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$45,560, \$65,992, and \$71,494, respectively; 30 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$31,883, is recorded as a liability within the respective funds and the general long-term obligations account group.

**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, 2000, two of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**12. POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$359,376 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000, and STRS had 95,796 eligible benefit recipients.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**12. POSTEMPLOYMENT BENEFITS (Continued)**

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$81,100 for fiscal year 2000.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984, and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**13. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred twenty days for all school personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of fifty-five days for all employees.

**B. Health Care Benefits**

The School District offers health and dental insurance to most employees through Medical Mutual of Ohio. In addition, the School District offers life insurance through Medical Life Insurance Company. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**14. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Balance at 6/30/99	Additions	Reductions	Balance at 6/30/00
<u>General Long-Term Obligations</u>				
Compensated Absences Payable	\$535,636	\$24,344	\$0	\$559,980
Intergovernmental Payable	55,726	76,294	55,726	76,294
Total General Long-Term Obligations	<u>591,362</u>	<u>100,638</u>	<u>55,726</u>	<u>636,274</u>
<u>Enterprise Fund Obligations</u>				
Capital Leases Payable	0	47,902	7,150	40,752
Total Long-Term Obligations	<u><u>\$591,362</u></u>	<u><u>\$148,540</u></u>	<u><u>\$62,876</u></u>	<u><u>\$677,026</u></u>

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid.

Capital leases will be paid from the Food Service enterprise fund.

The School District's overall debt margin was \$12,178,755 with an unvoted debt margin of \$135,320 at June 30, 2000.

**15. CAPITAL LEASES - LESSEE DISCLOSURE**

The School District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as a reduction of the liability in the enterprise fund. Fixed assets consisting of equipment have been capitalized in the Food Service enterprise fund, in the amount of \$47,902. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the enterprise fund. Principal payments in 2000 were \$7,150 in the enterprise fund.

	Food Service
Property under Capital Lease	<u>\$47,902</u>
Less Accumulated Depreciation	<u>(2,196)</u>
Balance June 30, 2000	<u><u>\$45,706</u></u>

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**15. CAPITAL LEASES - LESSEE DISCLOSURE (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	Food Service
2001	\$12,481
2002	13,215
2003	13,215
2004	13,215
2005	735
Subtotal	52,861
Less Amount Representing Interest	(12,109)
Present Value of Minimum Lease Payments	\$40,752

**16. RESERVATIONS OF FUND BALANCE**

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2000.

	Textbooks	Capital Improvement	Budget Stabilization
Balance June 30, 1999	\$852	\$68,090	\$108,018
Current Year Set Aside Requirement	199,640	199,640	0
Qualifying Expenditures	(156,150)	(177,618)	0
Balance June 30, 2000	\$44,342	\$90,112	\$108,018

The total reserve balance for the set asides at the end of the fiscal year was \$242,472.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**17. JOINTLY GOVERNED ORGANIZATIONS**

**A. Tri-Rivers Educational Computer Association**

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

**B. Tri-Rivers Joint Vocational School**

The Tri-Rivers Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education. The JVS operates under the direction of a Board consisting of one representative from each of the ten participating school districts' Board of Education. The degree of control exercised by the School District is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Terril Martin, who serves as Treasurer, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

**18. INSURANCE POOL**

**Ohio School Boards Association Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as a group insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**19. STATE SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$3,415,875 of school foundation support for its General Fund.

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

**19. STATE SCHOOL FUNDING DECISION (Continued)**

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

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

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

**20. CONTINGENT LIABILITIES**

**A. Grants**

The School 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 School District at June 30, 2000.

**B. Litigation**

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

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**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
JUNE 30, 2000**

**Federal Grantor/**

*Pass Through Grantor*  
Program Title

CFDA #      Pass Through  
Entity Number      Receipts      Non-Cash  
Receipts      Disbursements      Non-Cash  
Disbursements

**U.S. DEPARTMENT OF AGRICULTURE**

*Passed through the Ohio Department of Education:*  
Nutrition Cluster:

Food Distribution	10.550		\$ —	\$44,275	\$ —	\$45,177
		48413 03-PU 0000				
National School Lunch Program	10.555	48413 04-PU 0000	92,255	—	92,255	—
Total U.S. Department of Agriculture - Nutrition Cluster			<u>92,255</u>	<u>44,275</u>	<u>92,255</u>	<u>45,177</u>

**U.S. DEPARTMENT OF EDUCATION**

*Passed through the Ohio Department of Education:*

Title I Grants to Local Educational Agencies	84.010	48413 C1-S1 99	—	—	8,638	—
		48413 C1-S1 2000	81,301	—	80,907	—
Total Title I Grants to Local Educational Agencies			<u>81,301</u>	<u>—</u>	<u>89,545</u>	<u>—</u>
Special Education Grants to States	84.027	48413 6B-SF 2000	106,166	—	100,801	—
Safe and Drug-Free Schools and Communities - State Grants	84.186	48413 DR-S1 98	—	—	117	—
		48413 DR-S1 99	—	—	2,337	—
		48413 DR-S1 2000	7,313	—	6,699	—
Total Safe and Drug-Free Schools and Communities - State Grants			<u>7,313</u>	<u>—</u>	<u>9,153</u>	<u>—</u>
Goals 2000 State and Local Education Systemic Improvement	84.276	48413 G2-S2 99	—	—	10,000	—
Eisenhower Professional Development State Grant	84.281	48413 MS-S1 99	—	—	168	—
		48413 MS-S1 2000	5,828	—	5,828	—
Total Eisenhower Professional Development State Grant			<u>5,828</u>	<u>—</u>	<u>5,996</u>	<u>—</u>
Innovative Education Program Strategies	84.298	48413 C2-S1 99	1,046	—	3,924	—
		48413 C2-S1 2000	8,395	—	8,395	—
			<u>9,441</u>	<u>—</u>	<u>12,319</u>	<u>—</u>
Reducing Class Size	84.340	48413 CR-S1 2000	13,456	—	9,996	—
Total U.S. Department of Education			<u>223,505</u>	<u>—</u>	<u>237,810</u>	<u>—</u>
<b>Total Federal Awards</b>			<u>\$315,760</u>	<u>\$44,275</u>	<u>\$330,065</u>	<u>\$45,177</u>

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards receipts and expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at fair market value of the commodities received and consumed. At June 30, 2000, the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL  
CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Elgin Local School District  
Marion County  
4616 LaRue-Prospect Road  
Marion, Ohio 43302

To the Board of Education:

We have audited the financial statements of Elgin Local School District, Marion County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated October 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated October 16, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated October 16, 2000.

Elgin Local School District  
Marion County  
Report of Independent Accountants on Compliance and on Internal  
Control Required by *Government Auditing Standards*  
Page 2

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

**JIM PETRO**  
Auditor of State

October 16, 2000



STATE OF OHIO  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR  
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Elgin Local School District  
Marion County  
4616 LaRue-Prospect Road  
Marion, Ohio 43302

To the Board of Education:

**Compliance**

We have audited the compliance of Elgin Local School District, Marion County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the District in a separate letter dated October 16, 2000.

**Internal Control Over Compliance**

The management of the 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 District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

**JIM PETRO**  
Auditor of State

October 16, 2000

**ELGIN LOCAL SCHOOL DISTRICT  
MARION COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #10.550, 10.555 - Nutrition Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.







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**ELGIN LOCAL SCHOOL DISTRICT**

**MARION 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**  
**NOVEMBER 21, 2000**