



ELMWOOD LOCAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

ELMWOOD LOCAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 1999

ELMWOOD LOCAL SCHOOL DISTRICT

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ELMWOOD LOCAL SCHOOL DISTRICT
ELECTED OFFICIALS
AS OF JUNE 30, 1999

<u>Title\Name</u>	<u>Term of Office</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
President: Matt Feasel	1/1/96 - 12/31/99	(A)	\$20,000	1/1/99 - 12/31/99
Vice-President: Sue Rose	1/1/98 - 12/31/2001			
Members:				
Jill Engle	1/1/96 - 12/31/99			
Dave Knisely	1/1/98 - 12/31/2001			
John Reynolds	1/1/96 - 12/31/99			

(A) Cincinnati Insurance Company

ELMWOOD LOCAL SCHOOL DISTRICT
ADMINISTRATIVE PERSONNEL
AS OF JUNE 30, 1999

<u>Title/Name</u>	<u>Term of Office</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
Treasurer: Veronica Reinhart	1/1/99 - 1/11/2001	(A)	\$100,000	7/1/98 - 1/11/2001
Superintendent: Harold Bower	1/16/98 - 7/31/2001	(A)	\$ 20,000	1/1/99 - 12/31/99

Statutory Legal Counsel

Wood County Prosecutor
Wood County Courthouse
Bowling Green, OH 43402

Legal Counsel

Means, Bichmer, Burkholder, Baker Co., L.P.A.
Attorneys at Law
Summit One, Suite 540
4700 Rockside Road
Cleveland, OH 44131-2152

(A) Cincinnati Insurance Company

ELMWOOD LOCAL SCHOOL DISTRICT
INDEX OF FUNDS

GOVERNMENTAL FUND TYPES:

General Fund:

General Fund

Special Revenue Funds:

Public School Support Fund
Early Childhood Pre-School Grant Fund
Management Information Fund
Public Pre-School Grant Fund
ECIA Chapter I - Migrant Fund
ECIA Chapter I - Fund
ECIA Chapter II Fund
Vocational Education Equipment Grant Fund
Venture Capital Grant Fund
Drug Free Schools Grant Fund
School-Age Child Care Grant Fund
Preschool Handicapped Fund
Disadvantaged Pupil Impact Aid Fund
Data Communication Subsidy Fund
Conflict Grant Fund
District Managed Student Activity Funds
Pacesetter Grant Fund
Pacemaker Grant Fund
Instructional Materials Subsidy Fund
Professional Development Grant Fund
Family & School Partnership Grant Fund
Eisenhower Grant Fund
Title VIB Fund
Title IV Fund
Emergency Repair Grant Fund
E-Rate Subsidy Fund
School Net Fund

Debt Service Fund:

Bond Retirement Fund

Capital Projects Funds:

Permanent Improvement Fund
Schoolnet Plus Fund
Vocational Education Equipment Fund

PROPRIETARY FUND TYPE:

Enterprise Funds:

Food Service Fund
Uniform School Supplies Fund
Adult Education
Wayne School Age Child Care Fund
Bloomdale School Age Child Care Fund

ELMWOOD LOCAL SCHOOL DISTRICT
INDEX OF FUNDS
(Continued)

FIDUCIARY FUND TYPES:

Expendable Trust Funds:

S. Andrew Bishop Memorial Scholarship Fund
Nancy Belleville Memorial Fund

Non-Expendable Trust Fund:

Jerry City Lodge Scholarship Fund

Agency Fund:

Student Managed Activity Funds



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398

Board of Education
Elmwood Local School District
Bloomdale, Ohio 44817

We have reviewed the Independent Auditor's Report of the Elmwood Local School District, Wood County, prepared by Pry CPA Services, Inc., for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

June 30, 2000



Board of Education
Elmwood Local School District

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the Elmwood Local School District (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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.

Ohio Administrative Code Section 117-2-01 requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the District prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of Elmwood Local School District, as of June 30, 1999, and the revenues it received and expenditures it paid for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 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.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Prycpa CPA Services, Inc.

Findlay, Ohio
February 1, 2000

ELMWOOD LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH, INVESTMENTS, AND FUND
 CASH BALANCES - ALL FUND TYPES
 AS OF JUNE 30, 1999

POOLED CASH AND INVESTMENTS

Cash	\$ 3,643,390
Total	<u>\$ 3,643,390</u>

CASH BALANCES BY FUND TYPE

Governmental Funds:	
General Fund	\$ 3,089,133
Special Revenue Funds	253,206
Debt Service Fund	64,545
Capital Projects Fund	124,022
Proprietary Funds:	
Enterprise Funds	38,862
Fiduciary Funds:	
Nonexpendable Trust	30,000
Agency	35,589
Expendable Trust	<u>8,034</u>
Total	<u>\$ 3,643,390</u>

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	Governmental Fund Types			Fiduciary	Total (Memorandum Only)	
	General	Special Revenue	Debt Service	Capital Projects		Expendable Trust
Revenue From Local Sources:						
Taxes	\$2,498,723		\$ 194,527		\$ 2,693,250	
Tuition	11,677	\$28,594			40,271	
Earnings on Investments	186,729				186,729	
Extracurricular Activities		153,715			153,715	
Classroom Materials and Fee	6,843				6,843	
Miscellaneous	36,091	3,860		\$630	40,581	
Revenue From State Sources:						
Unrestricted Grants-in-Aid	4,304,235	25,000	14,925		4,344,160	
Restricted Grants-in-Aid For/on Behalf of District	45,478	299,351		\$205,161	549,990	
	7,402				7,402	
Revenue From Federal Sources:						
Restricted Grants-in-Aid		192,449			192,449	
Total Revenue Received	7,097,179	702,969	209,452	205,161	630	8,215,390
Instruction:						
Regular	2,858,549	263,977		106,929	500	3,229,956
Special	465,695	151,595				617,289
Vocational Education	190,080					190,080
Adult/Continuing		3,794				3,794
Other Instruction	25,312					25,312
Supporting Services:						
Pupils	299,335	72,007				371,342
Instruct. Staff	128,895	68,123			300	197,318
Bd. Of Education	43,513					43,513
Administration	586,870	25,327				612,198
Fiscal Services	208,942	18,729	1,043			228,714
Business	9,041					9,041
Operation & Maint. Plant	589,650	7,457				597,107
Pupil Transport	381,242	43,841				425,083
Central	20,424	2,257				22,682
Operation of Non-Instructional Service:						
Food Services Operations		16,697				16,697
Community Services		2,631				2,631
Extracurricular Activities:						
Academic & Subject Oriented	32,895	376			850	34,120
Sports Oriented	126,168	118,687				244,855
Debt Service:						
Repayment of Debt			244,303			244,303
Total Expenditures	5,966,612	795,498	245,346	106,929	1,650	7,116,034

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES (CONTINUED)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

Total Revenue Received Over (Under)						
Expenditures Disbursed	1,130,567	(92,529)	(35,894)	98,232	(1,020)	1,099,356
Other Financing Sources (Uses):						
Transfers-In	16,393				400	16,793
Advances-In	43,233	2,680				45,914
Refund of Prior Year Expenditures	48,980					48,980
Transfers-Out	(29,374)	(7,000)				(36,374)
Advances-Out	(20,173)					(20,173)
Other Miscellaneous		(30,158)				(30,158)
Total Other Financing Sources (Uses)	59,060	(34,478)	0	0	400	24,982
Excess of Revenue Received and Other Financing Sources Over Expenditures Disbursed and Other Financing Uses	1,189,627	(127,006)	(35,894)	98,232	(620)	1,124,339
Fund Cash Balance, Beginning of Year	1,899,507	380,212	100,439	25,790	8,654	2,414,601
Fund Cash Balance, End of Year	<u>\$3,089,133</u>	<u>\$ 253,206</u>	<u>\$ 64,545</u>	<u>\$ 124,022</u>	<u>\$ 8,034</u>	<u>\$ 3,538,939</u>

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES
 PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
 FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type		Total
	Enterprise	Nonexpendable Trust	Agency	(Memorandum Only)
Operating Revenues:				
Earnings on Investments	\$ 4,742			\$ 4,742
Food Services	213,116			213,116
Classroom Materials and Fees	42,229			42,229
Extracurricular Activities	10		\$80,440	80,450
Total Operating Revenues	260,097	\$0	80,440	340,537
Operating Expenses:				
Personal Services -Salaries	110,329			110,329
Employee's Retirement Insurance	48,754			48,754
Purchased Services	2,942		13,364	16,306
Materials and Supplies	170,020		42,612	212,632
Capital Outlay	8,030		1,880	9,910
Capital Outlay-Replacement	98		4,297	4,395
Other	1,181	1,565	22,775	25,521
Total Operating Expenses	341,354	1,565	84,928	427,847
Excess of Operating Receipts Over (Under) Operating Disbursements	(81,257)	(1,565)	(4,488)	(87,310)
Nonoperating Revenue:				
State Sources				
Unrestricted Grants-in-Aid	3,460			3,460
Federal Sources				
Restricted Grants-in-Aid	85,690			85,690
Miscellaneous			4,211	4,211
Total Nonoperating Receipts	89,150	0	4,211	93,361
Excess of Revenue Over / (Under) Expenses Before Interfund Transfers and Advances	7,893	(1,565)	(277)	6,051
Other Financing Sources (Uses):				
Operating Transfers-In	18,298	1,565		19,863
Advances-In	17,492			17,492
Operating Transfers-Out			(281)	(281)
Advances-Out	(43,150)		(83)	(43,233)
Total Other Financing Sources (Uses)	(7,360)	1,565	(364)	(6,159)
Net Excess of Revenues Over/(Under) Expenses	533	0	(641)	(108)
Fund Cash Balance, Beginning of Year	38,329	30,000	36,230	104,559
Fund Cash Balance, End of Year	\$ 38,862	\$ 30,000	\$ 35,589	\$ 104,451

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF BUDGET AND ACTUAL RECEIPTS - ALL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable/ (Unfavorable)</u>
Governmental:			
General	\$ 7,194,492	\$ 7,205,785	\$ 11,293
Special Revenue	715,997	705,650	(10,347)
Debt Service	245,801	209,452	(36,349)
Capital Projects	<u>205,161</u>	<u>205,161</u>	<u>0</u>
Total Governmental	8,361,451	8,326,048	(35,404)
Proprietary:			
Enterprise	363,556	385,036	21,481
Fiduciary:			
Trust and Agency	<u>78,662</u>	<u>87,243</u>	<u>8,581</u>
Total (Memorandum Only)	<u>\$ 8,803,669</u>	<u>\$ 8,798,327</u>	<u>\$ (5,343)</u>

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
 COMPARED WITH EXPENDITURE AUTHORITY - ALL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	Prior Year Carryover Appropriations	1999 Appropriations	Total
Governmental Funds:			
General	\$ 51,978	\$ 6,733,191	\$ 6,785,168
Special Revenue	21,115	834,033	855,148
Capital Projects		246,703	246,703
Debt Service		201,284	201,284
	<hr/>	<hr/>	<hr/>
Total Governmental	73,093	8,015,210	8,088,303
Proprietary Fund:			
Enterprise	23,672	376,746	400,417
Fiduciary Fund:			
Trust and Agency	2,327	89,436	91,763
	<hr/>	<hr/>	<hr/>
Total (Memorandum Only)	\$ 99,092	\$ 8,481,392	\$ 8,580,484
	<hr/>	<hr/>	<hr/>

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT
 COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
 COMPARED WITH EXPENDITURE AUTHORITY - ALL FUND TYPES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 1999

	Actual 1999 Disbursements	Encumbrances Outstanding At 6/30/1999	Total	Variance Favorable (Unfavorable)
Governmental Funds:				
General	\$ 6,016,158	\$ 182,162	\$ 6,198,320	\$ 586,849
Special Revenue	832,656	22,493	855,148	0
Debt Service	245,346		245,346	1,357
Capital Projects	106,929	94,355	201,284	0
Total Governmental	7,201,089	299,009	7,500,098	588,205
Proprietary Fund:				
Enterprise	384,504	15,913	400,417	0
Fiduciary Fund:				
Nonexpendable Trust	88,509	3,254	91,763	0
Total (Memorandum Only)	<u>\$ 7,674,102</u>	<u>\$ 318,177</u>	<u>\$ 7,992,279</u>	<u>\$ 588,205</u>

The accompanying notes are an integral part of the financial statements.

ELMWOOD LOCAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

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

Average daily membership (ADM) as of June 30, 1999, was 1,250. The District employed 100 certified employees and 56 non-certified employees.

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, "The Financial Reporting Entity". The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to the relationship to the District.

Joint Venture Without Equity Interest:

Northern Ohio Educational Computer Association - The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among thirty-eight area school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member school districts and service Districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating District and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two

Assembly members from each county in which participating service centers are located. Each district's authority is limited to its representation on the Board. Financial information can be obtained by contracting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Jointly Governed Organizations:

Penta County Joint Vocational School

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

ELMWOOD LOCAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING

Although required by Ohio Administrative Code Section 117-2-01 to prepare its annual financial report in accordance with generally accepted accounting principles, the District chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

C. CASH AND INVESTMENTS

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented in the "Cash Balances By Fund Type" section on the Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types.

During fiscal year 1999, the School District's investments were limited to overnight repurchase agreements and STAR Ohio. During the fiscal year, all investments of the School District had a maturity of two years or less.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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.

Investment procedures are restricted by the provisions of the Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

D. FUND ACCOUNTING

The Elmwood Local School District maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

ELMWOOD LOCAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

GOVERNMENTAL FUNDS

General Fund

The General Fund is the general operating fund of the Elmwood Local School District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

To account for proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Funds

To account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

Capital Projects Funds

To account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

PROPRIETARY FUNDS

Enterprise Funds

To account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the fiduciary fund types:

ELMWOOD LOCAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. FUND ACCOUNTING (Continued)

Expendable Trust Funds. These funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Funds. These funds are accounted for in essentially the same manner as proprietary funds.

Agency Funds. These funds are accounted for in essentially the same manner as proprietary funds.

E. BUDGETARY PROCESS

1. Budget

A budget of estimated cash receipts and disbursements is submitted to the county auditors, as secretary for the county budget commission, by January 20 of each year, for the subsequent July 1 to June 30 fiscal year.

2. Estimated Resources

The county budget commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.

Prior to June 30, the District must revise its budget so that the total contemplated expenditures from a 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 annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 1998, unencumbered fund balances. However, those fund balances are available for appropriations.

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

4. Encumbrances

The Elmwood Local School District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

ELMWOOD LOCAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETARY PROCESS (Continued)

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 appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

F. PROPERTY, PLANT AND EQUIPMENT

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

G. ACCUMULATED UNPAID VACATION, PERSONAL AND SICK LEAVE

Accumulated unpaid vacation, personal leave, sick pay and compensatory time are not accrued under the cash basis of accounting described in Note 1. At June 30, 1999, management estimates that \$100,818 in sick leave, and \$19,642 in vacation leave have been accumulated by the employees of the District. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees. It is not practicable to determine the actuarial value of these benefits as of June 30, 1999.

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

2. DEBT OBLIGATIONS

Debt outstanding at June 30, 1999, consisted of the following:

General Obligation Bonds:

Principal Outstanding	\$600,000
Interest Rate	9.5%

Outstanding general obligation bonds consist of school building construction issues. General obligation bonds are direct obligations of the District for which its full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property in the District.

Tax Anticipation Notes:

(Spending Reserve Borrowing)

Principal Outstanding	\$131,437
Interest Rate	6.0%

ELMWOOD LOCAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 1999

2. DEBT OBLIGATIONS (Continued)

The District executed a promissory note for \$404,414 with Mid American National Bank & Trust on December 14, 1992. The proceeds were used for installation of energy conservation measures.

Energy Note:

Principal Outstanding	\$204,414
Interest Rate	5.25%

The annual requirements to amortize all debt outstanding as of June 30, 1999, including interest payments of \$273,283 are as follows:

Year Ending June 30, 1999	General Obligation Bonds	Notes Payable	Tax Anticipation Notes	Total
2000	\$128,438	\$12,044	\$143,392	\$283,874
2001	121,313	81,146		202,459
2002	114,188	74,035		188,223
2003	107,062	70,517		177,579
2004	99,938			99,938
2005 and thereafter	257,061			257,061
TOTAL	\$828,000	\$237,742	\$143,392	\$1,209,134

3. PROPERTY TAX

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new 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 property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value.

ELMWOOD LOCAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 1999

3. PROPERTY TAX (Continued)

The assessed values upon which the fiscal year 1999 taxes were collected are:

<u>Description</u>	<u>Wood County</u> Amount	<u>Hancock County</u> Amount
Agricultural / Residential	\$50,327,610	\$1,527,120
Commercial/Industry	2,243,490	
Public Utility	82,790	
Personal Property - General	3,070,862	73,413
Personal Property - Public Utilities	10,620,550	137,130
Minerals	2,000	
Total	<u>\$66,347,302</u>	<u>\$1,737,663</u>
Tax rate per \$1,000 of assessed valuation	\$ 37.00	\$ 36.90

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Wood and Hancock Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

4. POOLED CASH AND INVESTMENTS

Legal Requirements

State statutes classify monies held by the Elmwood Local 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 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 monies must either be evidenced by certificates of deposit maturing not later than the end of the current period of designations of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

ELMWOOD LOCAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

4. POOLED CASH AND INVESTMENTS (Continued)

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

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

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

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on hand

At fiscal year end, the School District had \$250 in undeposited cash on hand which is included on the Combined Statement of Cash, Investments, and Fund Cash Balances - All Fund Types as part of cash.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase agreements), and Reverse Repurchase Agreements."

ELMWOOD LOCAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 1999

4. POOLED CASH AND INVESTMENTS (Continued)

Deposits

At fiscal year end, the carrying amount of the District's deposits and cash on-hand was (\$23,894) and the bank balance was \$120,305. The entire bank balance was covered by federal depository insurance. Although the Securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the School District to a successful claim by the FDIC.

Investments

The School District's investments are required to be 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 or for which the securities are held by the District or its agent in the 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 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 District's name. Investment in STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Risk Category			Carrying Value	Market Value
	1	2	3		
Repurchase Agreement					
STAR Ohio				\$3,667,027	\$3,667,027
Totals	\$0	\$0	\$0	\$3,667,027	\$3,667,027

The classification of cash and cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Government Entities That Use Proprietary Fund Accounting." Cash and cash equivalents are defined to include investments with original maturities of three months or less and funds included within the District's cash management pool.

4. POOLED CASH AND INVESTMENTS (Continued)

A reconciliation between the classifications of cash and investments on the financial statements and the classifications per GASB Statement No. 3 is as follows:

	Cash	Investments
GASB Statement 9	\$3,643,383	\$0
Cash on Hand	(250)	0
Investments:		
Repurchase agreement	0	0
STAROhio	(3,667,027)	3,667,027
GASB Statement 3	(\$23,894)	\$3,667,027

ELMWOOD LOCAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

5. LEASING ARRANGEMENTS

Elmwood Local School District has obtained copiers for use in its school buildings through a five-year noncancellable lease expiring in September 2000.

The following is a schedule of future minimum rental payments required under the above operating lease as of June 30, 1999:

Year Ending June 30,	<u>Amount</u>
2000	\$23,556
2001	<u>5,889</u>
TOTAL	<u>\$29,445</u>

6. RELATED ORGANIZATION

The Wayne Public Library is a related organization to Elmwood Local School District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the District. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the District must place the levy on the ballot. The Library may issue debt and determines its own budget. The Library did not receive any funding from the District during fiscal year 1999.

7. PENSION AND RETIREMENT PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to SERS, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of covered payroll. 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 District's contributions to SERS for the years ended June 30, 1999, 1998, and 1997 were \$135,507, \$181,418, and \$156,657, respectively, equal to the required contributions for each year.

B. STATE TEACHERS RETIREMENT SYSTEM

The 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 basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit 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 for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

ELMWOOD LOCAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

7. PENSION AND RETIREMENT PLANS (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 12% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the fiscal years ending June 30, 1999, 1998 and 1997 were \$500,208, \$505,788, and \$480,624, respectively, equal to the required contributions for each year.

C. SOCIAL SECURITY TAX

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security, the School Employees Retirement System or the State Teachers Retirement System. As of June 30, 1999, one Board of Education member has elected Social Security. The Board's liability is 6.20% of wages paid.

8. POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The Ohio Revised Code gives SERS the discretionary authority to provide postemployment health care to retirees and their dependents. 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 upon years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 1999, the allocation rate is 6.30%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1999, the minimum pay had been established as \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% 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, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

B. STATE TEACHERS RETIREMENT SYSTEM

STRS provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code (ORC), the State Teachers Retirement Board (the board) has discretionary 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.

ORC grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll.

ELMWOOD LOCAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

8. POSTEMPLOYMENT BENEFITS (Continued)

The board currently allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$1,860 million at June 30, 1997. The Health Care Reserve Fund allocation for the year ended June 30, 1998 will be 3.5% of covered payroll.

For the year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive insurance coverage for real property, building contents, vehicles, and instruments as follows:

Type of Coverage	Coverage	Deductible
Property (all building and contents)	25,354,700	250
Contractors Equipment	28,867	100
Electronic Data Processing Hardware	572,604	500
Electronic Data Processing Software	153,666	500
Accounts Receivable	500,000	250
Business Income	500,000	0
Extra Expense	500,000	0
Miscellaneous School Equipment Including Ground Maintenance Equipment - Not Including Autos	500,000	250
Musical Instruments	500,000	250
Mobile Radios	30,613	250
Education Liability (aggregate)	5,000,000	0
Education Liability (per occurrence)	1,000,000	0
Fire Damage Limit (per occurrence)	100,000	0
Medical Expense Limit (per person)	5,000	0
General Umbrella Liability (aggregate)	3,000,000	0
General Umbrella Liability (per occurrence)	3,000,000	0
Employer's Liability (aggregate)	2,000,000	0
Employer's Liability (per occurrence)	2,000,000	0
Auto Liability (per occurrence)	2,000,000	0
Auto Medical Payments (per occurrence)	3,000	0
Auto Fleet Physical Damage	Cash val./Cost of rep	A
Uninsured Motorist (per occurrence)	2,000,000	0

A) Deductibles of \$250 and \$1,000 apply to comprehensive and collision coverages, respectively.

Settled claims have not exceeded commercial insurance coverage in any of the past four fiscal years.

ELMWOOD LOCAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

10. CONTINGENCIES

Grants:

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally required compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

11. COMPLIANCE

The following funds had appropriations in excess of estimated revenues during the fiscal year ended June 30, 1999.

- Public School Support Fund – function 9100 (High School)
- Athletic Fund – function 9001 (High School)
- Athletic Fund – function 9010 (Football)
- Athletic Fund – function 9015 (Girls Basketball)
- Athletic Fund – function 9017 (Track)
- Athletic Fund – function 9019 (Softball)
- Emergency Repair Grant – function 9901
- Course Fees Fund – function 9090
- Course Fees Fund – function 9191
- Student Managed Activity Funds – function 9330 (FFA Club)
- Student Managed Activity Fund – function 9553 (High School Cheerleading)
- Student Managed Activity Fund – function 9710 (National Honor Society)

No fund had an excess of expenditures in excess of appropriations at June 30, 1999.

12. 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 that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$4,118,269 of school foundation support for its general fund, and \$4,132,485 in total (all funds) support.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has 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 decision made by the Court of Common Pleas is likely to be appealed.

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 this program and on its financial operations.

ELMWOOD LOCAL SCHOOL DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 1999

13. INCOME TAX

The School District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1996, and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

14. STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance July 1, 1998				\$0
Required Set-Aside	\$91,017	\$91,017	54,388	236,422
Offset Credits				0
Qualifying Expenditures	(115,076)	(99,368)		(214,444)
Total	<u>(\$24,059)</u>	<u>(\$8,351)</u>	<u>\$54,388</u>	<u>\$21,978</u>
Cash Balance Carried Forward to Fiscal Year 1999			<u>\$54,388</u>	<u>\$54,388</u>

ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 1999

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title/	Federal CFDA Number	Agency or Pass- Through Number	Program or Award Amount
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Migrant Education-Basic State Grant Program	84.011	05682MGS197	\$87,400
Migrant Education-Basic State Grant Program	84.011	05682MGS198	83,030
Migrant Education-Basic State Grant Program	84.011	05682MGS199	65,000
Title I Grants to Local Educational Agencies	84.010	05682C1S197	100,801
Title I Grants to Local Educational Agencies	84.010	05682C1S198	102,266
Safe and Drug Free Schools - State Grants	84.186	050682DRS194	7,921
Safe and Drug Free Schools - State Grants	84.186	050682DRS195	5,808
Safe and Drug Free Schools - State Grants	84.186	050682DRS198	6,820
Safe and Drug Free Schools - State Grants	84.186	050682DRS199	6,515
Goals 2000 - State and Local Education			
Systematic Improvement Grants	84.276	050682G2S396	5,000
Goals 2000	84.276	050682G2S498	8,900
Goals 2000	84.276	050682G2S299	10,000
Eisenhower Professional Development State Grants	84.281	050682MSS197	4,308
Eisenhower Professional Development State Grants	84.281	050682MSS198	4,844
Innovative Education Program Strategies	84.298	050682C2S198	4,536
Innovative Education Program Strategies	84.298	050682C2S199	4,639
Special Education Cluster			
Special Education - Grants to States	84.027	0506826BSF98P	66,600
Special Education - Grants to States	84.027	0506826BSF99P	73,124
Special Education - Preschool Grants	84.173	050682PGS198P	5,928
Speical Education - Preschool Grants	84.173	050682PGS199P	6,591
Total Special Education Cluster			
TOTAL DEPARTMENT OF EDUCATION			

<u>Fund Cash Balance at 7/1/1998</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Expenditures</u>	<u>Fund Cash Balance at 6/30/1999</u>
\$ 28,272		\$ 28,272	\$0
83,030	(\$30,120)	52,910	0
0			0
<u>111,302</u>	<u>(30,120)</u>	<u>81,182</u>	<u>0</u>
16,656		16,656	0
0	102,266	101,786	480
<u>16,656</u>	<u>102,266</u>	<u>118,442</u>	<u>480</u>
4,747		3,920	827
3,152			3,152
33		33	0
0	6,515	68	6,447
<u>7,932</u>	<u>6,515</u>	<u>4,021</u>	<u>10,426</u>
902		902	0
0	8,900	6,293	2,607
0	10,000	535	9,465
<u>902</u>	<u>18,900</u>	<u>7,730</u>	<u>12,072</u>
484	(38)	446	0
0	4,844	3,503	1,341
<u>484</u>	<u>4,806</u>	<u>3,949</u>	<u>1,341</u>
785		785	0
0	4,639	4,397	242
<u>785</u>	<u>4,639</u>	<u>5,182</u>	<u>242</u>
884	6,660	7,544	0
0	73,124	57,727	15,397
1,411		1,411	0
0	6,591	5,677	914
<u>2,295</u>	<u>86,375</u>	<u>72,359</u>	<u>16,311</u>
140,356	193,381	292,865	40,872

ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (NON-GAAP BASIS - CONTINUED)
FOR THE YEAR ENDED JUNE 30, 1999

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title/	Federal CFDA Number	Agency or Pass- Through Number	Program or Award Amount
U.S. DEPARTMENT OF AGRICULTURE-Nutrition Cluster Passed Through Ohio Department of Education National School Lunch Program	10.555	05068204PU0099	
Child & Adult Care Food Program	10.553	05068205PU0098	
Food Distribution Program - NOTE B	10.550		
TOTAL DEPARTMENT OF AGRICULTURE - Nutrition Cluster			
TOTAL			

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Elmwood Local School District and is presented on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. At June 30, 1999, the District had food commodities totaling \$10,143 in inventory. An assumption was made that food received plus the 7/1/98 inventory of donated food, less the inventory balance of donated food at 6/30/98 equals the donated food disbursed (utilized) during the period.

<u>Fund Cash Balance at 7/1/1998</u>	<u>Receipts or Revenues Recognized</u>	<u>Federal Disbursements Expenditures</u>	<u>Fund Cash Balance at 6/30/1999</u>
0	83,440	83,440	0
939	1,318		2,257
<u>10,143</u>	<u>39,642</u>	<u>41,714</u>	<u>8,071</u>
<u>11,082</u>	<u>124,400</u>	<u>125,154</u>	<u>10,328</u>
<u>\$151,438</u>	<u>\$317,781</u>	<u>\$418,019</u>	<u>\$51,200</u>

ELMWOOD LOCAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1999

MATERIAL NONCOMPLIANCE

98-1 Ohio Rev. Code Section 9.38

Condition: Requires that public monies be deposited with the treasurer or depository once every twenty-four consecutive hours. Collections at the high school and middle school buildings were not being deposited daily.

Current Status: Condition still exists. See management comment letter item #1.

98-2 Ohio Admin. Code, Section 117-2-01

Condition: The District did not issue GAAP financial statements for the fiscal year ending June 30, 1998.

Current Status: Condition still exists. See item 99-1.

98-3 Ohio Rev. Code Section 5705.36

Condition: On or about the first day of each fiscal year, the fiscal officers are to certify to the county auditor the total amount from all sources which is available for expenditure. The treasurer did not file this form.

Current Status: Condition corrected.

98-4 Ohio Rev. Code Section 5705.39

Condition: Appropriations exceeded total estimated revenue at the individual fund/function level.

Current Status: Condition still exists. See comment 99-2.

98-5 Ohio Rev. Code Section 5705.41(B)

Condition: Expenditures exceeded appropriations at the fund/function level.

Current Status: Condition corrected.

98-6 Ohio Rev. Code Section 5705.391

Condition: The District's "spending plan" should:

- A. Include all appropriated funds of the District, not only the General Fund.
- B. Should be revised and refiled when actual revenues or expenditures deviate from the projections by more than five percent.

Current Status of A: Condition corrected.

Current Status of B: Condition still exists. See management comment #10.

ELMWOOD LOCAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 1999

MATERIAL NONCOMPLIANCE - (CONTINUED)

98-7 Ohio Rev. Code Section 5705.412

Condition: "412" certificates were not used as required for applicable changes/expenditures.

Current Status: Condition corrected.

98-8 Ohio Rev. Code Section 5719.042

Condition: Contract bidders did not certify that personal property taxes have been paid.

Current Status: Condition corrected.

REPORTABLE CONDITIONS

98-9 Athletic Event Tickets

Condition: The beginning and ending ticket numbers for athletic events were not attached to the gate receipt worksheet.

Current Status: Condition corrected.

98-10 Potentially unsecure funds

Condition: The High School petty cash fund and undeposited receipts are kept in the walk-in vault, which is often unlocked during the day.

Current Status: Condition corrected.

98-11 Inadequate footnote/supplemental information disclosure

Condition: Fiscal year 1998's audit report did not contain disclosures required by Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*

Current Status: Condition corrected.



Board of Education
Elmwood Local School District

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Elmwood Local School District as of and for the year ended June 30, 1999 and have issued our report thereon dated February 1, 2000, which included an explanatory paragraph due to District's financial statements being presented on the cash basis method of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as items 99-1 and 99-2. Also, we noted certain immaterial instances of noncompliance that we have reported to management of Elmwood Local School District in a separate letter dated February 1, 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 general-purpose 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 other matters involving the internal control over financial reporting that we have reported to management of Elmwood Local School District, Ohio, in a separate letter dated February 1, 2000.

This report is intended solely for the information and use of the board of education, management, 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.

Pry CPA Services, Inc.

Findlay, Ohio
February 1, 2000



Board of Education
Elmwood Local School District

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Elmwood Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. Elmwood Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Elmwood Local School District's management. Our responsibility is to express an opinion on Elmwood Local School 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Elmwood Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Elmwood Local School District's compliance with those requirements.

In our opinion, Elmwood Local School 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, 1999.

Internal Control Over Compliance

The management of Elmwood Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Elmwood Local School 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 the 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 solely for the information and use of the board of education, management, 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.

Py CPA Services, Inc.

Findlay, Ohio
February 1, 2000

ELMWOOD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Elmwood Local School District.
2. No reportable conditions were disclosed during the audit of the financial statements is reported in the Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. Two instances of noncompliance material to the financial statements of Elmwood Local School District were disclosed during the audit.
4. The auditor's report on compliance for the major federal award program for Elmwood Local School District expresses an unqualified opinion.
5. The audit disclosed no findings relative to the major federal award programs for Elmwood Local School District that are required to be reported in Part C of this Schedule.
6. The program tested as a major program included:

<u>Program</u>	<u>CFDA#</u>
Title I	84.010

7. The threshold for distinguishing Type A and B programs is \$300,000. There are no Type A Programs.
8. It was determined that Elmwood Local School District is a "low-risk auditee."

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

NONCOMPLIANCE

- 99-1 Ohio Administrative Code Section 117-2-01 requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepares its financial statements of the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

ELMWOOD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 1999

B. FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued)

NONCOMPLIANCE (Continued)

99-2 Section 5705.39, Revised Code, requires that total appropriations from each fund cannot exceed the total estimated revenue for each fund.

During audit procedures we noted that the following funds had appropriations in excess of estimated revenue during the fiscal year ended June 30, 1999.

- Public School Support Fund – function 9100 (High School)
- Athletic Fund – function 9001 (High School)
- Athletic Fund – function 9010 (Football)
- Athletic Fund – function 9015 (Girls Basketball)
- Athletic Fund – function 9017 (Track)
- Athletic Fund – function 9019 (Softball)
- Emergency Repair Grant – function 9901
- Course Fees Fund – function 9090
- Course Fees Fund – function 9191
- Student Managed Activity Funds – function 9330 (FFA Club)
- Student Managed Activity Fund – function 9553 (High School Cheerleading)
- Student Managed Activity Fund – function 9710 (National Honor Society)

REPORTABLE CONDITIONS – None noted

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

TIFFIN CITY SCHOOL DISTRICT, OHIO
CONCLUSION STATEMENT

The audit report, including citations and recommendations, was reviewed with and acknowledged by the following officials on February 16, 2000.

Harold Bower, Superintendent

Veronica Reinhart, Treasurer

They were informed that officials had five working days from the date of the post-audit conference to respond to, or contest, in writing, the report contents. No written response received.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

ELMWOOD LOCAL SCHOOL DISTRICT
WOOD COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JULY 20, 2000