



Mary Taylor, CPA
Auditor of State

**WYOMING CITY SCHOOL DISTRICT
HAMILTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements	
Statement of Net Assets	11
Statement of Activities.....	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Net Assets – Fiduciary Funds.....	17
Statement of Changes in Net Assets – Fiduciary Funds	18
Notes to the Basic Financial Statements	19
Required Supplemental Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund	41
Notes to Required Supplementary Information.....	42
Federal Awards Receipts and Expenditures Schedule.....	45
Notes to the Federal Awards Receipts and Expenditures Schedule	46
Independent Accountants' Report on Internal Controls over Financial Reporting and Compliance and Other Matters Required by <i>Government Auditing Standards</i>	47
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	49
Schedule of Findings	51
Schedule of Prior Audit Findings.....	55

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wyoming City School District
Hamilton County
420 Springfield Pike
Cincinnati, Ohio 45215

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wyoming City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wyoming City School District, Hamilton County, Ohio, as of June 30, 2007, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report August 27, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis and the budgetary comparison for the general fund are not a required part of the basic financial statements but are supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is 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 basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 27, 2008

WYOMING CITY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2007
(Unaudited)

The discussion and analysis of Wyoming City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- In total, net assets increased \$2,764,431.
- General revenues accounted for \$23,731,308 in revenue or 91% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,406,361 or 9% of total revenues of \$26,137,669.
- The District had \$23,373,238 in expenses related to governmental activities; \$2,406,361 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$23,731,308 were also used to provide for these programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statements of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund and Debt Service Fund are the major funds of the District.

Government-wide Financial Statements

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2007?” The Government-wide Financial Statements answer this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the District’s *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District’s property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District’s programs and services are reported here including instruction, support services, operation of noninstructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

The analysis of the District’s major funds is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District’s major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’s most significant funds.

Governmental Funds Most of the District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s own programs.

The District as a Whole

Recall that the Statement of Net Assets provides the perspective of the District as a whole.

Table 1 provides a summary of the District’s net assets for 2007 compared to 2006:

Table 1
Net Assets

	Governmental Activities	
	2007	2006 Restated
Assets		
Current Assets	\$21,604,585	\$19,754,768
Capital Assets	23,205,769	23,915,112
Total Assets	44,810,354	43,669,880
Liabilities		
Long-Term Liabilities	26,380,400	27,014,705
Other Liabilities	9,164,014	10,153,666
Total Liabilities	35,544,414	37,168,371
Net Assets		
Invested in Capital		
Assets, Net of Debt	(1,296,805)	(1,487,500)
Restricted	2,912,339	2,603,211
Unrestricted	7,650,406	5,385,798
Total Net Assets	\$9,265,940	\$6,501,509



Over time, net assets can serve as a useful indicator of a government’s financial position. At June 30, 2007, the District’s assets exceeded liabilities by \$9,265,940.

At year-end, capital assets represented 52% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2007, was (\$1,296,805). These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District’s net assets, \$2,912,339, represents resources that are subject to external restriction on how they must be used. The remaining balance of unrestricted net assets of \$7,650,406 may be used to meet the District’s ongoing obligations to the students and creditors.

Current assets increased in 2007 compared to 2006 mainly due to an increase in equity in pooled cash and investments. Equity in pooled cash and investments increased largely due to an increase in the District's bank balance. Other liabilities decreased mainly due to a decrease in unearned revenue which was largely due a decrease in taxes receivable in 2007 as compared to 2006.

Table 2 shows the change in net assets for fiscal year 2007 compared to 2006:

Table 2
Changes in Net Assets

	Governmental Activities	
	2007	2006 Restated
Program Revenues:		
Charges for Services	\$1,183,437	\$1,135,180
Operating Grants	1,205,509	997,660
Capital Grants	17,415	0
General Revenue:		
Income Taxes	6,065,162	5,853,108
Property Taxes	10,048,187	10,033,045
Grants and Entitlements	6,688,221	6,632,434
Other	929,738	678,882
Total Revenues	<u>26,137,669</u>	<u>25,330,309</u>
Program Expenses:		
Instruction	12,906,558	12,199,051
Support Services:		
Pupil and Instructional Staff	2,872,867	2,496,645
General and School Administrative, and Fiscal	2,333,759	2,504,332
Operations and Maintenance	1,988,389	1,952,269
Pupil Transportation	445,403	467,465
Central	171,833	112,624
Operation of Non-Instructional Services	735,092	805,139
Extracurricular Activities	727,847	668,533
Interest and Fiscal Charges	1,191,490	1,786,721
Total Expenses	<u>23,373,238</u>	<u>22,992,779</u>
Change in Net Assets	2,764,431	2,337,530
Beginning Net Assets	<u>6,501,509</u>	<u>4,163,979</u>
Ending Net Assets	<u><u>\$9,265,940</u></u>	<u><u>\$6,501,509</u></u>

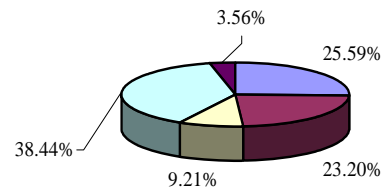
Governmental Activities

The District revenues are mainly from three sources. Property taxes levied for general, debt service and capital project purposes, grants and entitlements and income taxes comprised 87% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 38% of revenue for governmental activities for the District in fiscal year 2007.

Revenue Sources	2007	Percent of Total
General Grants	\$6,688,221	25.59%
Income Taxes	6,065,162	23.20%
Program Revenues	2,406,361	9.21%
Property Tax Revenues	10,048,187	38.44%
Other Revenues	929,738	3.56%
	<u>\$26,137,669</u>	<u>100.00%</u>



Instruction comprises 55% of governmental program expenses. Support services expenses were 34% of governmental program expenses. All other expenses including interest expense were 11%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Operating grants increased mainly due to an increase in grant monies (intergovernmental revenue) received in 2007 as compared to 2006. The District also received additional monies in income tax collections. Instructional expenses increased due to general inflationary costs.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2007	2006	2007	2006
Instruction	\$12,906,558	\$12,199,051	(\$11,766,911)	(\$11,218,799)
Support Services:				
Pupil and Instructional Staff	2,872,867	2,496,645	(2,612,313)	(2,337,354)
General and School Administrative, and Fiscal	2,333,759	2,504,332	(2,332,162)	(2,501,167)
Operations and Maintenance	1,988,389	1,952,269	(1,927,408)	(1,898,161)
Pupil Transportation	445,403	467,465	(284,191)	(429,338)
Central	171,833	112,624	(150,882)	(92,299)
Operation of Non-Instructional Services	735,092	805,139	(104,522)	(215,436)
Extracurricular Activities	727,847	668,533	(596,998)	(380,664)
Interest and Fiscal Charges	1,191,490	1,786,721	(1,191,490)	(1,786,721)
Total Expenses	<u>\$23,373,238</u>	<u>\$22,992,779</u>	<u>(\$20,966,877)</u>	<u>(\$20,859,939)</u>

The District's Funds

The District has two major governmental funds: the General Fund and Debt Service Fund. Assets of the general fund comprised \$17,053,736 (78%) and the debt service fund comprised \$3,029,692 (14%) of the total \$21,827,130 governmental funds assets.

General Fund: Fund balance at June 30, 2007 was \$8,843,251 including \$5,619,319 of unreserved balance. The primary reasons for the increase in fund balance were increases in taxes revenue and investment earnings.

Debt Service Fund: Fund balance at June 30, 2007 was \$1,930,789 including \$1,369,789 of unreserved balance. The primary reason for the increase in fund balance was an increase in intergovernmental revenue.

General Fund Budgeting Highlights

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

During the course of fiscal 2007, the District amended its general fund budget three times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$22,323,481, compared to original budget estimates of \$21,104,189. Of this \$1,219,292 difference, most was due to a difference in estimate for taxes and intergovernmental revenue.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2007, the District had \$23,205,769 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal 2007 balances compared to fiscal 2006:

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2007	2006 Restated
Land	\$629,493	\$629,493
Construction in Progress	0	1,606,025
Buildings and Improvements	21,987,359	20,966,467
Equipment	588,917	713,127
Total Net Capital Assets	<u>\$23,205,769</u>	<u>\$23,915,112</u>

The decrease in capital assets is due to current year depreciation expense exceeding current year additions.

See note 7 in the notes to the basic financial statements for further details on the District's capital assets.

Debt

At June 30, 2007, the District had \$24,709,637 in bonds and capital leases payable, \$882,900 due within one year. Table 5 summarizes outstanding debt at year end.

Table 5
Outstanding Debt, at Year End

	Governmental Activities	
	2007	2006
General Obligation Bonds:		
1998B School Improvement	\$3,725,000	\$3,725,000
2006 Refunding Bonds:		
Current Interest Bonds -		
School Improvement	15,090,000	15,745,000
Capital Appreciation Bonds - Principal	2,005,000	2,005,000
Capital Appreciation Bonds - Interest Only	207,063	0
Premium on 2006 Refunding Bonds	987,674	1,103,870
Capital Leases	2,694,900	3,052,000
Total Outstanding Debt at Year End	<u>\$24,709,637</u>	<u>\$25,630,870</u>

See note 8 in the notes to the basic financial statements for further details on the District's outstanding debt.

For the Future

In June of 2005, the State legislature passed House Bill 66. House Bill 66 phases out the tax on tangible personal property of general business, telephone, and telecommunications companies, and railroads. The tax on general business and railroad property began being phased out in 2006 and will be eliminated by 2009. The tax on telephone and telecommunication property will begin being phased out in 2009 and will be eliminated by 2011. The tax is being phased out by reducing the assessment rate on the property each year. In the first five years, school districts are being reimbursed fully for the lost revenue; in the following seven years, the reimbursements are phased out.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Brian Rabe, Treasurer at Wyoming City School District, 420 Springfield Pike, Wyoming, Ohio 45215 or e-mail Brian at rabeb@wyomingcityschools.org.

Wyoming City School District
Statement of Net Assets
June 30, 2007

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$7,819,829
Receivables:	
Taxes	13,303,268
Accounts	3,357
Interest	47
Intergovernmental	268,820
Deferred Bond Issuance Costs	204,230
Inventory	5,034
Nondepreciable Capital Assets	629,493
Depreciable Capital Assets, Net	<u>22,576,276</u>
 Total Assets	 <u>44,810,354</u>
Liabilities:	
Accounts Payable	24,288
Accrued Wages and Benefits	2,610,712
Accrued Interest Payable	88,572
Unearned Revenue	6,440,442
Long-Term Liabilities:	
Due Within One Year	1,260,760
Due In More Than One Year	<u>25,119,640</u>
 Total Liabilities	 <u>35,544,414</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	(1,296,805)
Restricted for:	
Special Revenue	284,798
Debt Service	1,909,708
Capital Projects	717,833
Unrestricted	<u>7,650,406</u>
 Total Net Assets	 <u><u>\$9,265,940</u></u>

See accompanying notes to the basic financial statements.

Wyoming City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2007

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$10,773,878	\$324,335	\$57,096	\$13,530	(\$10,378,917)
Special	2,011,633	2,981	732,964	0	(1,275,688)
Vocational	113,863	0	8,741	0	(105,122)
Other	7,184	0	0	0	(7,184)
Support Services:					
Pupil	1,528,364	185,563	16,345	0	(1,326,456)
Instructional Staff	1,344,503	0	58,646	0	(1,285,857)
General Administration	80,042	0	0	0	(80,042)
School Administration	1,512,266	0	0	0	(1,512,266)
Fiscal	741,451	0	1,597	0	(739,854)
Operations and Maintenance	1,988,389	60,981	0	0	(1,927,408)
Pupil Transportation	445,403	75,709	81,618	3,885	(284,191)
Central	171,833	0	20,951	0	(150,882)
Operation of Non-Instructional Services	735,092	403,019	227,551	0	(104,522)
Extracurricular Activities	727,847	130,849	0	0	(596,998)
Interest and Fiscal Charges	1,191,490	0	0	0	(1,191,490)
Total Governmental Activities	\$23,373,238	\$1,183,437	\$1,205,509	\$17,415	(20,966,877)
General Revenues:					
					6,065,162
Income Taxes					
Property Taxes Levied for:					
					8,248,122
General Purposes					
					1,417,886
Debt Service Purposes					
					382,179
Capital Projects Purposes					
					6,688,221
Grants and Entitlements not Restricted to Specific Programs					
					139,879
Unrestricted Contributions					
					443,289
Investment Earnings					
					346,570
Other Revenues					
					23,731,308
Total General Revenues					
					2,764,431
Change in Net Assets					
					6,501,509
Net Assets Beginning of Year, Restated					
					\$9,265,940
Net Assets End of Year					

See accompanying notes to the basic financial statements.

Wyoming City School District
Balance Sheet
Governmental Funds
June 30, 2007

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$5,556,299	\$1,369,789	\$893,741	\$7,819,829
Receivables:				
Taxes	11,230,530	1,659,903	412,835	13,303,268
Accounts	3,293	0	64	3,357
Interest	39	0	8	47
Intergovernmental	0	0	268,820	268,820
Interfund	263,575	0	200	263,775
Inventory	0	0	5,034	5,034
Total Assets	17,053,736	3,029,692	1,580,702	21,664,130
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	12,763	0	11,525	24,288
Accrued Wages and Benefits	2,582,076	0	28,636	2,610,712
Compensated Absences	145,416	0	0	145,416
Interfund Payable	0	0	263,775	263,775
Deferred Revenue	5,470,230	1,098,903	355,178	6,924,311
Total Liabilities	8,210,485	1,098,903	659,114	9,968,502
Fund Balances:				
Reserved for Encumbrances	63,932	0	53,950	117,882
Reserved for Inventory	0	0	5,034	5,034
Reserved for Property Tax Advances	3,160,000	561,000	151,000	3,872,000
Unreserved, Undesignated, Reported in:				
General Fund	5,619,319	0	0	5,619,319
Special Revenue Funds	0	0	154,685	154,685
Debt Service Funds	0	1,369,789	0	1,369,789
Capital Projects Funds	0	0	556,919	556,919
Total Fund Balances	8,843,251	1,930,789	921,588	11,695,628
Total Liabilities and Fund Balances	\$17,053,736	\$3,029,692	\$1,580,702	\$21,664,130

See accompanying notes to the basic financial statements.

Wyoming City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Assets of Governmental Activities
 June 30, 2007

Total Governmental Fund Balance		\$11,695,628
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		23,205,769
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	390,526	
Intergovernmental	<u>93,343</u>	
		483,869
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(88,572)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences	<u>(1,525,347)</u>	
		(1,525,347)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		204,230
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(24,709,637)</u>
Net Assets of Governmental Activities		<u><u>\$9,265,940</u></u>

See accompanying notes to the basic financial statements.

Wyoming City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2007

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$14,342,936	\$1,427,185	\$382,538	\$16,152,659
Tuition and Fees	381,684	0	176,915	558,599
Investment Earnings	419,953	0	23,336	443,289
Intergovernmental	6,814,771	308,531	789,766	7,913,068
Extracurricular Activities	0	0	160,838	160,838
Charges for Services	0	0	403,019	403,019
Other Revenues	336,047	77,531	133,851	547,429
Total Revenues	22,295,391	1,813,247	2,070,263	26,178,901
Expenditures:				
Current:				
Instruction:				
Regular	10,245,261	0	163,321	10,408,582
Special	1,641,682	0	263,298	1,904,980
Vocational	110,463	0	0	110,463
Other	7,184	0	0	7,184
Support Services:				
Pupil	1,244,347	0	218,414	1,462,761
Instructional Staff	1,180,642	0	58,275	1,238,917
General Administration	80,042	0	0	80,042
School Administration	1,355,949	0	0	1,355,949
Fiscal	771,910	0	9,792	781,702
Operations and Maintenance	1,908,213	0	0	1,908,213
Pupil Transportation	331,461	0	50,000	381,461
Central	116,732	0	17,394	134,126
Operation of Non-Instructional Services	101,002	0	625,469	726,471
Extracurricular Activities	491,986	0	203,567	695,553
Capital Outlay	82,548	0	20,214	102,762
Debt Service:				
Principal Retirement	31,100	655,000	326,000	1,012,100
Interest and Fiscal Charges	94,489	922,456	62,149	1,079,094
Total Expenditures	19,795,011	1,577,456	2,017,893	23,390,360
Net Change in Fund Balance	2,500,380	235,791	52,370	2,788,541
Fund Balance Beginning of Year	6,342,871	1,694,998	869,218	8,907,087
Fund Balance End of Year	\$8,843,251	\$1,930,789	\$921,588	\$11,695,628

See accompanying notes to the basic financial statements.

Wyoming City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2007

Net Change in Fund Balance - Total Governmental Funds \$2,788,541

Amounts reported for governmental activities in the
 statement of activities are different because:

Governmental funds report capital asset additions as expenditures.
 However, in the statement of activities, the cost of those assets is
 allocated over their estimated useful lives as depreciation
 expense. This is the amount of the difference between capital
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	110,975	
Depreciation Expense	<u>(820,318)</u>	(709,343)

Revenues in the statement of activities that do not provide
 current financial resources are not reported as revenues in
 the funds.

Delinquent Property Taxes	(39,310)	
Intergovernmental	<u>(1,922)</u>	(41,232)

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net assets. 1,012,100

In the statement of activities interest expense is accrued when incurred,
 whereas in governmental funds an interest expenditure is reported
 when due. 2,499

Some expenses reported in the statement of activities do not require the
 use of current financial resources and therefore are not reported as
 expenditures in governmental funds.

Compensated Absences	(173,239)	
Amortization of Bond Issuance Cost	(24,028)	
Amortization of Premium	116,196	
Bond Accretion	<u>(207,063)</u>	<u>(288,134)</u>

Change in Net Assets of Governmental Activities \$2,764,431

See accompanying notes to the basic financial statements.

Wyoming City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007

	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$13,251	\$104,762
Receivables:		
Accounts	<u>0</u>	<u>1,250</u>
Total Assets	<u>13,251</u>	<u>106,012</u>
Liabilities:		
Accounts Payable	536	0
Other Liabilities	<u>0</u>	<u>106,012</u>
Total Liabilities	<u>536</u>	<u>\$106,012</u>
Net Assets:		
Held in Trust	<u>12,715</u>	
Total Net Assets	<u>\$12,715</u>	

See accompanying notes to the basic financial statements.

Wyoming City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2007

	<u>Private Purpose Trust</u>
Additions:	
Investment Earnings	\$683
Other	<u>100</u>
Total Additions	<u>783</u>
Deductions:	
Regular	547
Other	<u>6,748</u>
Total Deductions	<u>7,295</u>
Change in Net Assets	(6,512)
Net Assets Beginning of Year	<u>19,227</u>
Net Assets End of Year	<u><u>\$12,715</u></u>

See accompanying notes to the basic financial statements.

WYOMING CITY SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2007

1. DESCRIPTION OF THE DISTRICT

The District was chartered by the Ohio State Legislature in 1832 when state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected 5 member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by approximately 80 non-certificated personnel and approximately 160 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is the 12th largest in Hamilton County in terms of enrollment. It currently operates 3 primary schools, 1 middle school (grades 5-8), and 1 high school (grades 9-12).

REPORTING ENTITY

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

The District is associated with two organizations that are defined as jointly governed organizations. These organizations include Great Oaks Institute of Technology and Development and the Hamilton/Clermont Cooperative Association. These organizations are presented in Note 14.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 most significant of the District's accounting policies are described below.

FUND ACCOUNTING

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

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

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

Fiduciary Funds

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

MEASUREMENT FOCUS

Government-wide Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary Funds are reported using the economic resources measurement focus.

3. BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities 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.

EQUITY IN POOLED CASH AND INVESTMENTS

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements. The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as “Equity in Pooled Cash and Investments”.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund amounted to \$419,953 and \$23,336 credited to other governmental funds.

INVENTORY

Inventories are presented on a first-in, first-out basis and are expensed when used. Inventory consists of food held for resale and consumable supplies.

CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements are capitalized; 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. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 years
Equipment	5 - 20 years

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for 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 District will compensate the employees for the benefits through paid time off or some other means. The 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 entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is due and payable. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

NET ASSETS

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the District's \$3,075,339 in restricted net assets, none were restricted by enabling legislation.

INTERFUND ACTIVITY

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

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column on the Statement of Net Assets.

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

FUND EQUITY

Reserved fund balances indicate a portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, supplies inventory, and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The unreserved portion of fund equity, reflected for the Governmental Funds, is available for use within the specific purpose of those funds.

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.

4. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.

- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but limited to, passbook accounts.
- (5) Bonds, and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2007, \$5,389,779 of the District's bank balance of \$5,489,779 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2007, the District had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
First American Government Obligation Fund	\$11,516	N/A
Federal Home Loan Bank	1,424,089	0.89
Federal Farm Credit Bank	300,300	0.56
Federal Home Loan Mortgage	142,363	0.07
Federal National Mortgage Assoc Medium Term Note	350,000	1.80
Federal National Mortgage Association	348,187	0.16
Total Fair Value	\$2,576,455	
Portfolio Weighted Average Maturity		0.84

Interest rate risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District’s investments in First American General Obligation Bond, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage, Federal National Mortgage Association Medium Term Note, and Federal National Mortgage Association were rated AAA by Standard & Poor’s and Fitch Ratings and Aaa by Moody’s Investors Service.

Concentration of credit risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested less than 1% of the District’s investments in First American Government Obligation Fund, 55% in Federal Home Loan Bank, 12% in Federal Farm Credit Bank, 6% in Federal Home Loan Mortgage, 23% in Federal National Mortgage Association Medium Term Note, and 4% in Federal National Mortgage Association.

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's securities are either insured and registered in the name of the District or at least registered in the name of the District.

5. PROPERTY TAXES

Real property taxes collected in 2007 were levied in April on the assessed values as of January 1, 2006, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update ever third year.

Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 25 percent of true value (as defined).

The tangible personal property tax will phase out over a four-year period starting with tax year 2006 and ending with no tax due in 2009. This phase-out applies to most business and includes furniture and fixtures, machinery and equipment and inventory. New manufacturing machinery and equipment first reportable on the 2006 and subsequent year returns is not subsequent year returns is not subject to the personal property tax.

Real property taxes are payable annually or semi-annually. In 2007, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

The County Auditor remits portions of the taxes collected to all taxing districts with periodic settlements of real and public utility property taxes in February and August and tangible personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2007. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2007. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current 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, 2007, was \$3,160,000 for the General Fund and \$561,000 for the Debt Service Fund, and \$151,000 for Other Governmental Funds and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2007 operations.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2007 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$292,576,150
Public Utility Personal	3,400,580
Tangible Personal Property	<u>759,400</u>
Total	<u>\$296,736,130</u>

Income Tax

The District levies a voted tax of 1.25% for general operations on the income of residents and of estates. The tax was effective on January 1, 1999, and is a continuous levy. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

6. RECEIVABLES

Receivables at June 30, 2007, consisted of taxes, accounts (rent and student fees), interest, intergovernmental grants and interfund. 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.

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$629,493	\$0	\$0	\$629,493
Construction in Progress	1,606,025	110,975	1,717,000	0
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	29,113,858	1,717,000	0	30,830,858
Equipment	2,353,644	0	0	2,353,644
Totals at Historical Cost	33,703,020	1,827,975	1,717,000	33,813,995
Less Accumulated Depreciation:				
Buildings and Improvements	8,147,391	696,108	0	8,843,499
Equipment	1,640,517	124,210	0	1,764,727
Total Accumulated Depreciation	9,787,908	820,318	0	10,608,226
Governmental Activities Capital Assets, Net	\$23,915,112	\$1,007,657	\$1,717,000	\$23,205,769

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$397,026
Special	14,757
Support Services:	
Pupil	7,795
Instructional Staff	105,186
School Administration	22,770
Fiscal	6,961
Operations and Maintenance	109,638
Pupil Transportation	63,942
Central	50,533
Operation of Non-Instructional Services	9,417
Extracurricular Activities	32,293
Total Depreciation Expense	\$820,318

8. LONG-TERM LIABILITIES

	Interest Rate	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
Governmental Activities:						
General Obligation Bonds:						
1998B School Improvement	4.97%	\$3,725,000	\$0	\$0	\$3,725,000	\$0
2006 Refunding Bonds:						
Current Interest Bonds -						
School Improvement	3.95%-5.75%	15,745,000	0	655,000	15,090,000	680,000
Capital Appreciation Bonds - Principal	3.95%-5.75%	2,005,000	0	0	2,005,000	0
Capital Appreciation Bonds - Interest Only		0	207,063	0	207,063	0
Premium on 2006 Refunding Bonds		1,103,870	0	116,196	987,674	0
Total General Obligation Bonds		22,578,870	207,063	771,196	22,014,737	680,000
Capital Leases		3,052,000	0	357,100	2,694,900	202,900
Total Long Term Debt		25,630,870	207,063	1,128,296	24,709,637	882,900
Compensated Absences		1,383,835	549,068	262,140	1,670,763	377,860
Total Governmental Activities		<u>\$27,014,705</u>	<u>\$756,131</u>	<u>\$1,390,436</u>	<u>\$26,380,400</u>	<u>\$1,260,760</u>

General obligation bonds will be paid from the Debt Service Fund. Capital leases will be paid from the General Fund and the Permanent Improvement Fund. Compensated absences will be paid from the fund from which the person is paid.

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

Fiscal Year Ending June 30	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2008	\$680,000	\$899,912	\$1,579,912	\$0	\$0	\$0
2009	705,000	875,676	1,580,676	0	0	0
2010	805,000	849,249	1,654,249	0	0	0
2011	835,000	820,551	1,655,551	0	0	0
2012	0	805,938	805,938	615,753	254,247	870,000
2013-2017	3,295,000	3,707,281	7,002,281	1,389,247	825,753	2,215,000
2018-2022	8,030,000	2,173,275	10,203,275	0	0	0
2023-2027	4,465,000	248,875	4,713,875	0	0	0
Total	<u>\$18,815,000</u>	<u>\$10,380,757</u>	<u>\$29,195,757</u>	<u>\$2,005,000</u>	<u>\$1,080,000</u>	<u>\$3,085,000</u>

9. CAPITAL LEASES

The District, in prior years, has entered into two capital leases for buildings and an athletic field improvement lease.

The leases meet the criteria of capital leases as defined by statement of Financial Accounting Standards No. 13 “Accounting for Leases”, which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Capital lease payments for the buildings will be made from the General Fund. Capital lease payments for athletic field improvements will be made from the Permanent Improvement fund.

In fiscal year 2006, the capital lease proceeds that were recorded in the Permanent Improvement Fund relates to athletic field improvements project for the School District. The School District is leasing the project from the Columbus Regional Airport Authority. Columbus Regional Airport Authority will retain title to the project during the lease term. Columbus Regional Airport Authority assigned U.S. Bank National Association as trustee. U.S. Bank National Association deposited \$1,717,000 in the School District’s name for the improvement of the athletic field. The School District made an interest payment to U.S. Bank National Association. The lease is renewable annually and expires in 2014. The intention of the School District is to renew the lease annually. The District began making principal payments in fiscal year 2007. The trustee entered into an Interest Rate Exchange Agreement with respect to the loan, locking in the rate at 3.65% plus an annual administrative fee. The principal amount owed on the athletic field improvement lease at year end is \$1,554,000 and \$1,303,900 for the two building leases.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

Fiscal Year Ending June 30,	Long-Term Debt
2008	\$352,764
2009	352,632
2010	352,617
2011	352,235
2012	351,780
2013-2017	1,134,422
2018-2022	593,057
2023-2026	473,045
Total Minimum Lease Payments	3,962,552
Less: Amount Representing Interest	(1,258,299)
Less: Additional Program Cost Component	(9,353)
Present Value of Minimum Lease Payments	<u>\$2,694,900</u>

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Buildings and Improvements	\$3,217,000
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10. DEFINED BENEFIT PENSION PLANS

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 Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853 or by visiting the SERS website at ohsers.org.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$327,528, \$362,664, and \$366,504, respectively; 96% has been contributed for fiscal year 2007 and 100% for fiscal year 2006 and 2005.

STATE TEACHERS RETIREMENT SYSTEM

The School District participates in State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090 or by visiting STRS website at strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10% of their annual covered salaries. The District was required to contribute 14%, 13% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The District's required contributions for pension obligations for the fiscal years ended June 30, 2007, 2006, and 2005 were \$1,429,644, \$1,340,772, and \$1,318,692, respectively; 96% has been contributed for fiscal year 2007 and 100% for fiscal year 2006 and 2005.

11. POST EMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits included hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provision and the obligations 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.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$102,117 for fiscal year 2007.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007, the balance in the Fund was \$4.1 billion. For the fiscal year ended June 30, 2007, net health care costs paid by STRS were \$265,558,000 and STRS had 122,934 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2007 fiscal year, the District paid \$36,159 to fund health care benefits, including the surcharge.

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 for the fiscal year ended June 30, 2007, were \$127,615,614. At June 30, 2007, SERS had net assets available for payment of health care benefits of \$386.4 million. SERS has approximately 55,818 participants currently receiving health care benefits.

12. CONTINGENT LIABILITIES

GRANTS

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2007.

LITIGATION

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

13. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the School District contracted with Indiana Insurance Company for property and fleet insurance, liability insurance, and inland marine coverage. Coverage's provided by Indiana Insurance Company are as follows:

Building and Contents - Replacement Cost	\$50,403,910
Inland Marine Coverage	1,480,750
Boiler and Machinery	No Limit
Crime Insurance	100,000
Automobile Liability	2,000,000
Uninsured Motorist	1,000,000
General Liability	
Per Occurrence	2,000,000
Total Per Year	2,000,000

Settled claims have not exceeded commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from the prior year.

For fiscal year 2007, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (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 participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Union Services, Inc. provides administrative, cost control and actuarial services to the GRP.

14. JOINTLY GOVERNED ORGANIZATIONS

The Great Oaks Joint Vocational School (the School), a jointly governed organization, is a distinct political subdivision of the State of Ohio which operates under the direction of a Board consisting of one representative from each participating school district's elected board. The Board possesses its own budgeting and taxing authority. The Vocational School provides academic preparation and job training which leads to employment and/or further education upon graduation from high school. The District has no ongoing financial interest in or responsibility for the Vocational School.

The District is a participant in the Hamilton/Clermont Cooperative Association (HCCA) which is a computer consortium A-site used by the District. HCCA is an association of public districts in a geographic area determined by the Ohio Department of Education. 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 districts. The Board of the School consists of one representative from each of the participating members. The degree of control exercised by any participating district is limited to its representation on the board.

15. ACCOUNTABILITY AND COMPLIANCE

Accountability

The following individual funds had a deficit in fund balance at year end:

<u>Fund</u>	<u>Deficit</u>
Food Service	\$60,134

The deficits in fund balances were primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Compliance

Ohio Revised Code Section 5705.41D states that no contracts or orders involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. During the year certain expenditures were not properly encumbered prior to incurring the obligation. Failure to properly certify funds could result in overspending funds.

Ohio Revised Code Section 3315.062(B) states that if more than fifty dollars is received through a student activity program, the monies from such a program shall be paid into an activity fund established by the board of education. While the District does have a policy governing student fundraising activities and collection of moneys for admission, the District did not implement appropriate controls over extracurricular receipts.

16. FUND BALANCE RESERVES FOR SET-ASIDES

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

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

	Textbooks	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2006	(\$2,233,447)	\$0
Current Year Set-aside Requirement	307,591	307,591
Qualified Disbursements	(884,948)	(443,412)
Current Year Offsets	0	0
Set-aside Reserve Balance as of June 30, 2007	<u>(\$2,810,804)</u>	<u>\$0</u>

Qualifying disbursements and carryover from prior years for textbooks totaled \$2,233,447, resulting in \$2,810,804 for carryover to offset textbook requirements in future years. Qualifying disbursements for capital exceeded the required amount, however nothing can be carried forward to future years.

17. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2007, consisted of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$263,575	\$0
Other Governmental Funds	<u>200</u>	<u>263,775</u>
	<u>\$263,775</u>	<u>\$263,775</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

18. PRIOR PERIOD ADJUSTMENT

A prior period adjustment was required to restate capital assets at June 30, 2006 due to an increase in the capitalization threshold to \$5,000 and an appraisal of the capital assets detail. This restatement had the following effect on net asset at June 30, 2006:

	<u>Governmental Activities</u>
Net assets as previously reported, June 30, 2006	\$6,579,224
Restatement for capital assets	<u>(77,715)</u>
Net assets restated, June 30, 2006	<u>\$6,501,509</u>

REQUIRED SUPPLEMENTARY INFORMATION

Wyoming City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2007

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$13,600,172	\$14,385,921	\$14,406,877	\$20,956
Tuition and Fees	360,311	381,128	381,683	555
Investment Earnings	396,401	419,303	419,914	611
Intergovernmental	6,433,182	6,804,858	6,814,771	9,913
Other Revenues	314,123	332,271	332,755	484
Total Revenues	21,104,189	22,323,481	22,356,000	32,519
Expenditures:				
Current:				
Instruction:				
Regular	10,713,897	10,792,568	10,201,567	591,001
Special	1,643,951	1,656,023	1,565,339	90,684
Vocational	124,411	125,325	118,462	6,863
Other	7,545	7,600	7,184	416
Support Services:				
Pupil	1,323,098	1,332,814	1,259,829	72,985
Instructional Staff	1,293,019	1,302,514	1,231,188	71,326
General Administration	98,240	98,961	93,542	5,419
School Administration	1,463,561	1,474,308	1,393,575	80,733
Fiscal	813,380	819,353	774,485	44,868
Operations and Maintenance	1,938,351	1,952,585	1,845,661	106,924
Pupil Transportation	358,827	361,462	341,668	19,794
Central	117,919	118,785	112,280	6,505
Operation of Non-Instructional Services	113,172	114,003	107,760	6,243
Extracurricular Activities	523,054	526,895	498,042	28,853
Capital Outlay	86,694	87,330	82,548	4,782
Debt Service:				
Principal Retirement	31,100	31,100	31,100	0
Interest and Fiscal Charges	100,796	101,765	94,489	7,276
Total Expenditures	20,751,015	20,903,391	19,758,719	1,144,672
Excess of Revenues Over (Under) Expenditures	353,174	1,420,090	2,597,281	1,177,191
Other financing sources (uses):				
Advances In	43,000	45,485	45,551	66
Advances (Out)	(275,774)	(277,799)	(262,587)	15,212
Total Other Financing Sources (Uses)	(232,774)	(232,314)	(217,036)	15,278
Net Change in Fund Balance	120,400	1,187,776	2,380,245	1,192,469
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	3,098,101	3,098,101	3,098,101	0
Fund Balance End of Year	\$3,218,501	\$4,285,877	\$5,478,346	\$1,192,469

See accompanying notes to the required supplementary information.

WYOMING CITY SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For The Year Ended June 30, 2007

1. BUDGETARY PROCESS

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2007.

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

While the District is reporting financial position, results of operations and changes in fund balance 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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual 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 as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$2,500,380
Net Adjustment for Revenue Accruals	60,609
Net Adjustment for Expenditure Accruals	107,488
Advances In	45,551
Advances Out	(262,587)
Encumbrances	<u>(71,196)</u>
Budget Basis	<u>\$2,380,245</u>

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**WYOMING CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster				
National School Lunch Program	LLP4	10.555	\$ 40,020	\$ 40,020
Total Child Nutrition Cluster			40,020	40,020
Total U.S. Department of Agriculture			40,020	40,020
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster				
Title VI-B: Special Education Grants to States	6BSF	84.027	214,995	387,144
Special Education - Preschool Grant	PGS1	84.173	4,227	7,241
Total Special Education Cluster			219,222	394,385
Safe and Drug Free Schools	DRS1	84.186	354	
Title V: Innovative Education Program Strategies	C2S1	84.298	5,567	
Improving Teacher Quality	TRS1	84.367	55,138	55,277
<i>Passed Through Cincinnati Public Schools:</i>				
Title I: Grants to Local Educational Agencies	C1S1	84.010	14,250	14,250
<i>Passed Through Great Oaks Institute of Technology:</i>				
Vocational Education - Carl D. Perkins Act of 198	20C2	84.048	4,765	2,852
Total U.S. Department of Education			299,296	466,764
U.S. CORPORATION FOR NATIONAL AND COMMUNITY SERVICES				
<i>Passed Through Ohio Department of Education:</i>				
Learn & Serve America	SVS1	94.004	30,000	24,047
Total U.S. Corporation for National and Community Services			30,000	24,047
Total			\$369,316	\$530,831

The accompanying notes are an integral part of this schedule.

**WYOMING CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - MATCHING REQUIREMENTS

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



Mary Taylor, CPA

Auditor of State

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

Wyoming City School District
Hamilton County
420 Springfield Pike
Wyoming, Ohio 45215

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wyoming City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 27, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the District's management in a separate letter dated August 27, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 and through 2007-002.

We also noted certain noncompliance or other matters not requiring inclusion in the report that we reported to the District's management in a separate letter dated August 27, 2008.

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

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 27, 2008



Mary Taylor, CPA

Auditor of State

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

Wyoming City School District
Hamilton County
420 Springfield Pike
Wyoming, Ohio 45215

To the Board of Education:

Compliance

We have audited the compliance of Wyoming City School District, Hamilton 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 apply to its major federal program for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements its major federal program for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Wyoming City School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

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

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the School's management in a separate letter dated August 27, 2008.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 27, 2008

**WYOMING CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster – CFDA #84.027 – Grants to States (IDEA Part B); #84.173 – Preschool Grant (IDEA Preschool)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2007-001

Noncompliance

Ohio Revised Code, § 5705.41(D)(1), prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

FINDING NUMBER 2007-001
(Continued)

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the District can authorize the drawing of a warrant for the payment of the amount due. The District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The District did not properly certify the availability of funds for purchase commitments for seven of forty (18%) of expenditures tested and none of the exceptions above applied. We noted one of eleven (9%) blanket purchase orders tested was issued for \$240,000 which is in excess of the \$12,000 limit approved by the Board. We identified \$119,333 in payments that were not encumbered in the proper period. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the District uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, we recommend that the Treasurer certify that funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used.

We recommend the District officials and employees obtain the Treasurer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Treasurer should sign the certification at the time the District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Treasurer should post approved orders to the proper appropriation code to reduce the available appropriation.

**FINDING NUMBER 2007-001
(Continued)**

Officials' Response:

The District has implemented new purchasing procedures towards the end of fiscal year 2007 that expressly indicate that no purchases are to be made without first having a properly executed purchase order. We are continuing to educate employees to these new procedures as well as notifying vendors that the District will not be held liable for any orders placed without a purchase order.

The District has begun using blanket purchase orders as well as super blanket purchase orders when appropriate. These purchase orders are monitored on a monthly basis to ensure that they are within the State guidelines.

The District has begun using the "Then and Now" certificate when appropriate. The District is striving to eliminate the use of the "Then and Now" certificates in non-emergency situations.

FINDING NUMBER 2007-002

Noncompliance

Ohio Revised Code, § 3315.062(B), provides that if more than fifty dollars is received through a student activity program, the monies from such a program shall be paid into an activity fund established by the board of education of the school district. The board shall adopt regulations governing the establishment and maintenance of such fund, including a system of accounting to separate and verify such transactions and to show the source from which the fund revenue is received, the amount collected from each source, and the amount expended for each purpose. Expenditures from the fund shall be subject to the approval of the board.

1986 Op. Att'y Gen No 86-013 provides that monies in a student activity fund are public funds and that fund revenue is unquestionably under the control of the board of education, as the board is required, pursuant to Ohio Rev. Code Section 3315.062 to approve expenditures from student activity funds.

In addition, Ohio Administrative Code Section 117-2-02 (A) states all public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets and liabilities, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

While the District does have a policy governing student fundraising activities and collection of moneys for admission to athletic events and extracurricular activities, we noted the following deficiencies during the review of extracurricular receipts:

- Sales project potential forms are not completed nor required for fundraisers.
- 2 out of 30 (7%) receipts tested were not signed by the Treasurer.
- 9 out of 34 (26%) activities did not complete purpose clause or budget.
- 4 out of 25 (16%) Fund Purpose Clause Forms and Budgets completed were not approved by the principal.
- 22 out of 25 (88%) Fund Purpose Clause Forms and Budgets completed were not approved by the superintendent.
- The person who collects the gates sales at the athletic events does not prepare the ticket tally forms. All ticket tally forms are prepared by the Athletic Director.
- Ticket tally sheets are not completed for all extracurricular activities collecting monies for admissions such as dances and drama events.

**FINDING NUMBER 2007-002
(Continued)**

Failure to complete and approve these forms and maintain all supporting documentation could lead to incomplete bookkeeping, a loss of accountability for program receipts and disbursements, and the failure to follow up with students having outstanding obligations at the completion of a program. We recommend that the District update and implement their policy and process for the management and control of extracurricular receipts to address this matter. The policy should include, but not be limited to the following: duties and responsibilities of the advisors/sponsors, preparation of budget and purpose clauses, preparation of sales project potential forms for fundraisers, designation of the person responsible for approval of requisitions for expenditures, reconciliation or proofs of cash, use of pay-ins for both the monies collected from the students and the monies submitted to the District for deposit, retention of all documentation to support the receipt and expenditure of the monies collected from the program.

Officials' Response:

In May of 2008, the Board of Education approved a new policy manual. Along with the new policies, administrative guidelines were development, in particular one addressing student activities. Beginning in Fiscal year 2009, we will be holding annual meetings with student activity advisors to review all policies and administrative guidelines pertaining to student activities.

3. FINDINGS FOR FEDERAL AWARDS

None.

**WYOMING CITY SCHOOL DISTRICT
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	ORC Section 5705.41(D)(1), failure to encumber funds	No	Not corrected, reissued as Finding 2007-001.
2006-002	ORC Section 5705.41(B), disbursements plus encumbrances exceed appropriations	No	Not corrected, reissued as management letter comment
2006-003	ORC Section 5705.36(A)(4), appropriations exceeding available resources	Yes	
2006-004	ORC Section 5705.10(H), negative fund balances	Yes	
2006-005	ORC Section 3315.062(B), monies for student activities shall be paid to an activity fund; 1986 Op. Att'y Gen 086-013, monies in a student activity fund are public funds; and OAC Section 117-2-02 (A), shall maintain an accounting system and accounting records sufficiently	No	Not corrected, reissued as Finding 2007-002
2006-006	ORC Section 5705.412(B), issuance of 412 certificates	Yes	
2006-007	Capital Asset accounting weaknesses - Maintain an accurate, integrated, comprehensive capital asset listing	Yes	
2006-008	ORC Section 3313.31, Treasurer shall be the chief fiscal officer of the school district and OAC section 117-2-02 (A), shall maintain an accounting system and accounting records sufficiently	Yes	



Mary Taylor, CPA
Auditor of State

WYOMING CITY SCHOOL DISTRICT

HAMILTON 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
SEPTEMBER 11, 2008**