

***WOOSTER CITY SCHOOL DISTRICT***

***WAYNE COUNTY***

**AUDIT REPORT**

**For the Year Ended June 30, 2011**

***Charles E. Harris & Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





# Dave Yost • Auditor of State

Board of Education  
Wooster City School District  
144 North Market Street  
Wooster, Ohio 44691

We have reviewed the *Report of Independent Accountants* of the Wooster City School District, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

February 6, 2012

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**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY  
AUDIT REPORT  
For the Year Ending June 30, 2011**

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***Charles E. Harris & Associates, Inc.***  
***Certified Public Accountants***

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REPORT OF INDEPENDENT ACCOUNTANTS

Wooster City School District  
Wayne County  
144 North Market Street  
Wooster, OH 44691

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, Ohio, (the District), as of and for the year ended June 30, 2011, 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 an opinion on these financial statements based on our audit.

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

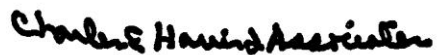
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, Ohio, as of June 30, 2011, and the respective changes in financial position and cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, the District implemented Governmental Accounting Standard Board Statement No.54, "Fund Balance Reporting and Governmental Fund Type Definitions."

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2011, on our consideration of the Wooster City School District, Wayne County, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wooster City School District's financial statements as a whole. The accompanying schedule of federal award expenditures is presented for purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of federal award expenditures is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



**Charles E. Harris & Associates, Inc.**  
December 23, 2011



**Wooster City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2011*  
(Unaudited)

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The discussion and analysis of the Wooster City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key Financial Highlights for 2011 are as follows:

- ❑ In the governmental activities, general revenues accounted for \$43.9 million in revenue or 90% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for approximately \$4.7 million or 10% of total revenues of \$48.6 million. Program expenses in the governmental activities were \$45.1 million in fiscal year 2011.
- ❑ Revenues in the business-type activities totaled \$4.3 million in fiscal year 2011 and expenses totaled \$4.0 million.
- ❑ In total, net assets decreased \$3.8 million, or 12%. Net assets of governmental activities increased \$3.5 million and net assets of business-type activities increased \$.3 million.
- ❑ The School District increased the capitalization threshold from one thousand to five thousand dollars in fiscal year 2011.
- ❑ Outstanding debt and related charges decreased from \$22.1 million to \$20.2 million in 2011. The School District did not issue any new debt in fiscal year 2011.

**Using this Annual Report**

This annual report consists of the MD&A, the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 highlight the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Wooster City School District, the general fund is by far the most significant fund.

***Reporting the School District as a Whole***

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question,

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"How did we do financially during fiscal year 2011?" The *Statement of Net Assets* and the *Statement of Activities* 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 School District's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ❑ **Governmental Activities** - Most of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.
- ❑ **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District food service, uniform supplies, recreation center and costs for outside entities are reported as business activities.

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the debt service fund.

**Governmental Funds** - Most of the School 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 School 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.

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Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The governmental fund financial statements begin on page 16.

**Proprietary Funds** - The School District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses enterprise funds to account for its food service, uniform school supplies, recreation center and costs for outside services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its drug and health benefit program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 21.

**Fiduciary Funds** - These funds are used to account for resources held for the benefit 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 School District's own programs. The accounting for the fiduciary funds is much like that used to proprietary funds. The fiduciary fund financial statements begin on page 24.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 27.

**The School District as a Whole**

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

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Table 1 provides a summary of the School District's net assets for 2011 compared to 2010:

**(Table 1)**  
**Net Assets**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets</b>						
Current and Other Assets	\$ 53,715,842	\$ 47,983,077	\$ 1,375,246	\$ 1,057,149	\$ 55,091,088	\$ 49,040,226
Capital Assets	35,510,880	36,435,460	1,700,975	1,753,781	37,211,855	38,189,241
Total Assets	89,226,722	84,418,537	3,076,221	2,810,930	92,302,943	87,229,467
<b>Liabilities</b>						
Long-Term Liabilities	25,248,719	27,153,064	442,228	466,566	25,690,947	27,619,630
Other Liabilities	30,501,336	27,241,913	390,962	433,569	30,892,298	27,675,482
Total Liabilities	55,750,055	54,394,977	833,190	900,135	56,583,245	55,295,112
<b>Net Assets</b>						
Invested in Capital Assets Net of Debt	21,536,231	21,344,334	1,700,975	1,753,781	23,237,206	23,098,115
Restricted	3,569,657	3,965,052	0	0	3,569,657	3,965,052
Unrestricted (Deficit)	8,370,779	4,714,174	542,056	157,014	8,912,835	4,871,188
Total Net Assets	\$ 33,476,667	\$ 30,023,560	\$ 2,243,031	\$ 1,910,795	\$ 35,719,698	\$ 31,934,355

Total assets in the governmental activities increased \$4.8 million from fiscal year 2010. The timing of revenues to cover expenses accounts for a \$2.3 million increase in cash and the passage of a 6.5 mil levy contributed to the increase taxes receivable of \$3.9 million. The \$.9 million decrease in capital assets is from depreciation and disposals. Liabilities increased \$1.4 million over fiscal year 2010. Current liabilities increased \$3.2 million over fiscal year 2010 with the deferred revenue that offsets the taxes receivable accounting for most of the increase. Principal payments of \$1.2 million contributed to the decrease in long term liabilities.

Total net assets in the business-type activities increased \$.3 million. Total assets increased \$.3 million and liabilities decreased less than \$70,000. The current asset decrease was primarily from a reduction in the internal balance owed to governmental activities of \$252,000 as compared to fiscal year 2010. There were no other individually significant changes in assets or liabilities.

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Table 2 shows the changes in net assets for fiscal year 2011 and 2010.

**(Table 2)**  
**Governmental and Business-Type Activities**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 1,210,609	\$ 1,097,956	\$ 3,168,473	\$ 2,831,297	\$ 4,379,082	\$ 3,929,253
Operating Grants	3,446,461	3,922,527	1,176,152	1,290,546	4,622,613	5,213,073
Capital Grants and Contributions	0	300,000	0	0	0	300,000
<i>General Revenue:</i>						
Property Taxes	25,897,892	21,255,026	0	0	25,897,892	21,255,026
Grants and Entitlements not Restricted to Specific Programs	17,833,292	17,591,805	0	0	17,833,292	17,591,805
Other Revenue	200,684	254,020	1,521	20,763	202,205	274,783
<b>Total Revenues</b>	<b>48,588,938</b>	<b>44,421,334</b>	<b>4,346,146</b>	<b>4,142,606</b>	<b>52,935,084</b>	<b>48,563,940</b>
<b>Program Expenses</b>						
Instruction	27,236,837	27,849,174	0	0	27,236,837	27,849,174
Support Services	15,511,866	17,267,484	0	0	15,511,866	17,267,484
Operation of Non-Instructional	412,310	376,221	0	0	412,310	376,221
Extracurricular Activities	684,525	612,282	0	0	684,525	612,282
Depreciation Expense Not Included in Other Functions	90,356	90,356	0	0	90,356	90,356
Interest and Fiscal Charges	1,199,937	1,328,014	0	0	1,199,937	1,328,014
Enterprise Funds	0	0	4,013,910	4,003,992	4,013,910	4,003,992
<b>Total Expenses</b>	<b>45,135,831</b>	<b>47,523,531</b>	<b>4,013,910</b>	<b>4,003,992</b>	<b>49,149,741</b>	<b>51,527,523</b>
Increase (Decrease) in Net Assets	\$ 3,453,107	\$ (3,102,197)	\$ 332,236	\$ 138,614	\$ 3,785,343	\$ (2,963,583)

Revenues in the governmental activities increased \$4.1 million from 2010 with the increase in taxes from the passage of the levy accounting for most of that change. Program expenses decreased \$2.4 million in the instruction and support services areas. Although expenses decreased in all areas, operation and maintenance decreased the most by \$.7 million from fiscal year 2010. This decrease was related to expenses for energy conservation improvements.

The business-type activities showed an increase of \$.3 million in charges for service while expenses remained consistent with fiscal year 2010.

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*Management's Discussion and Analysis*  
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**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental 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. All governmental activities had total revenues of \$48.6 million and expenses of \$45.1 million.

**(Table 3)**  
**Governmental Activities**

	2011		2010	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 27,236,837	\$ 24,140,671	\$ 27,849,174	\$ 24,585,991
Support Services:				
Pupil and Instructional Staff	4,260,178	3,599,829	4,335,105	3,605,998
Board of Education, Administration, Fiscal and Business	4,122,458	3,998,020	4,354,637	4,140,732
Operation and Maintenance of Plant and Central	5,512,294	5,477,453	6,449,598	6,121,861
Pupil Transportation	1,707,292	1,653,851	2,218,500	2,204,800
Operation of Non-Instructional	412,310	181,881	376,221	33,385
Extracurricular Activities	684,525	233,439	612,282	197,396
Interest and Fiscal Charges	1,199,937	1,193,617	1,328,014	1,312,885
Total Expenses	<u>\$ 45,135,831</u>	<u>\$ 40,478,761</u>	<u>\$ 47,523,531</u>	<u>\$ 42,203,048</u>

Instruction and pupil and instructional support services comprise the majority of governmental program expenses totaling \$31.5 million or 70%. Interest and fiscal charges are attributable to the outstanding notes, and fiscal expenses including payments to the County Auditors for administrative fees and amount to 3% of total expenses. Pupil transportation and the operation/maintenance of facilities accounts for 16% of governmental program expenses.

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for Wooster City School District students.

**Business-Type Activities**

Business-type activities include the recreation center, the food service operations, the sale of uniform school supplies and education costs for outside entities. There were program revenues of \$4.3 million and expenses of \$4.0 million for fiscal year 2011. Business activities receive no support from tax revenues.

**Wooster City School District**  
*Management's Discussion and Analysis*  
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**Financial Analysis of the Government's Funds**

***Governmental Funds***

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at year-end.

The School District's governmental funds (as presented on the balance sheet on page 16) reported a total fund balance of \$20.1 million, which is \$3.4 million over last year's balance of \$16.7 million. The most significant change within the School District's major funds was reported in the general fund with an increase in fund balance of \$3.9 million.

***Major Funds***

The general fund is the main operating fund of the School District. At the end of fiscal year 2010, the fund balance in the general fund was \$17.3 million which is an increase of \$3.9 million over fiscal year 2010. Taxes increase \$2.8 million or 14% over fiscal year 2010 due to the passage of the 6.5 mil levy. Expenses decreased \$1.5 million with the largest decreases in pupil transportation and operation and maintenance of the facilities. The School District incurred expenditures for energy conservation improvements in fiscal year 2010 which they did not have in fiscal year 2011.

The debt service fund is the School District fund that accumulates tax revenues to pay general obligation bonds. At the end of fiscal year 2011, the fund balance in the debt service fund was \$2.1 million, which is a decrease of \$.4 million from fiscal year 2010.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2011, the School District modified its General fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, there was difference of \$10.1 million between the final budget basis revenue of \$40.8 million, and the original budget estimates of \$30.7. At the time the original budget was prepared, the School District had not anticipated the additional \$3.0 million in tax revenue from the levy included in the final budget estimates. In addition, when the County prepared the original estimated resources, \$7.0 million in tangible reimbursement was erroneously omitted.

Actual revenues were less than \$10,000 over final budget estimates. Actual expenditures were \$1.6 million less than final estimates which allowed some leeway to budget for expenditures.

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**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2011, the School District had \$37.2 million invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and an ice arena. A total of \$35.5 million of this was for governmental activities with the remainder attributable to business-type activities. Table 4 shows fiscal year 2011 balances compared with 2010.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,676,543	\$ 2,676,543	\$ 0	\$ 0	\$ 2,676,543	\$ 2,676,543
Land Improvements	315,747	241,271	0	0	315,747	241,271
Buildings and Improvements	27,748,538	28,639,044	1,690,253	1,740,959	29,438,791	30,380,003
Furniture and Equipment	322,444	292,504	10,722	12,822	333,166	305,326
Vehicles	833,359	881,493	0	0	833,359	881,493
Ice Arena	3,614,249	3,704,605	0	0	3,614,249	3,704,605
Totals	\$ 35,510,880	\$ 36,435,460	\$ 1,700,975	\$ 1,753,781	\$ 37,211,855	\$ 38,189,241

The School District increased the capitalization threshold from one thousand to five thousand dollars for fiscal year 2010. The decrease of \$1.0 million in capital assets was attributable to depreciation exceeding acquisitions. Additional details of the capital assets can be found in Note 9 to the basic financial statements.

***Debt***

At June 30, 2011 the School District had \$18.7 million in bonds and related charges outstanding and \$1.5 million in notes payable with \$2.7 million due within one year. During fiscal year 2011, \$2.5 million of general obligation bonds and \$.2 million of the energy conservation note was retired. Table 5 summarizes bonds outstanding.



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**(Table 5)**  
**Outstanding Debt and Related Charges, at June 30**

	Governmental Activities	
	2011	2010
<i>Note Payable:</i>		
2009 Energy Conservation Notes	\$ 1,451,000	\$ 1,607,000
<i>General Obligation Bonds:</i>		
2004 Bond Refunding	1,505,002	1,730,002
Capital Appreciation Bonds	234,998	234,998
Accretion on Capital Appreciation Bonds	185,965	149,854
1997 Bond Refunding	430,000	430,000
Capital Appreciation Bonds	2,049,648	2,837,075
Accretion on Capital Appreciation Bonds	4,171,122	5,067,379
2007 Bond Refunding	7,800,000	7,800,000
Capital Appreciation Bonds	1,955,000	1,955,000
Accretion on Capital Appreciation Bonds	318,993	227,468
Premium on Debt Issuance	153,123	174,997
Loss on Refunding	(62,078)	(70,946)
	\$ 20,192,773	\$ 22,142,827
Totals		

In 1997, the School District issued \$25 million in refunded general obligation bonds. These include current interest bonds which mature December 2017, and capital appreciation bonds which mature December 2013.

In 2004, the School District issued \$3 million in refunded general obligation bonds. These include current interest bonds which mature in December 2018 and capital appreciation bonds which mature in December 2012.

In September 2007, the School District issued \$9.8 million in refunding bonds. These include current interest bonds which mature in December 2016 and capital appreciation bonds which mature in December 2017. The proceeds were used to refund a portion of the 1997 general obligation bonds.

In 2009, the School District issued \$1.8 million in energy conservation notes which mature in December 2018.

More information about the long-term obligations is in Note 14 to the basic financial statements.

**Current Issues**

The Wooster City School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. In the past, the Board of Education has typically experienced the need to return to the voters for additional millage every four (4) years.

In addition to raising revenue, the Board of Education has also implemented significant budget reduction measures, including a \$2.4 million budget reduction in 1999 and a \$3.5 million budget reduction in 2004. The

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vast majority of these budget reductions, including the closure of Layton Elementary School, have never been restored.

As the School District marked six (6) years since passage of its last levy, the need to return to the ballot was decided to occur in 2010. A failed levy attempt in May 2010 was followed by a successful second attempt in August 2010 with the passage of a 6.5 mill continuing levy expected to generate approximately \$ 4 million annually.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). 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 was 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, School District's dependency upon property taxes is 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 53% of revenues for governmental activities for the Wooster City Schools in fiscal year 2011. With the current economic recession, real estate tax collections have declined primarily due to lack of new construction coupled with increased instances of delinquencies and foreclosures.

The School District has been affected by changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. During the summer of 2005, the Ohio legislature approved Ohio House Bill 66, which includes the phased-out elimination of the tangible personal property tax. This affects taxes on all business tangible property and public utility property (telephone companies and railroads) – roughly 20% of the School District's general fund revenues. While this discontinued revenue will be partially reimbursed by the State of Ohio through FY2013, the eventual loss of this revenue will create a funding gap of approximately \$7 million to the School District's General Fund.

The Wooster City School District has not anticipated any meaningful growth in State revenue. The State Legislature's biennial budget was approved and became effective on July 1, 2011. Due to revenue shortfalls at the state level, the School District will experience revenue losses over the next two years related to the discontinuation of State utilized federal stimulus dollars to maintain funding to Ohio schools, and the loss of tangible personal property tax reimbursement. These revenue losses are estimated to occur at a rate of about \$1 million in additional reduction in each year of the biennium. As a result, the School District is taking steps to reduce budget by an equal amount in each of these years.

During this time of continually decreasing revenues, all scenarios will require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer/CFO of Wooster City School District, 144 N. Market Street, Wooster, Ohio, 44691.

**Wooster City School District**  
*Statement of Net Assets*  
*June 30, 2011*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 24,235,128	\$ 368,200	\$ 24,603,328
Receivables:			
Taxes	28,338,603	0	28,338,603
Accounts	3,725	58,391	62,116
Internal Balances	355,000	(355,000)	0
Interest	45,018	0	45,018
Intergovernmental	647,324	1,270,096	1,917,420
Inventory Held For Resale	0	33,559	33,559
Bond Issuance Costs	91,044	0	91,044
Nondepreciable Capital Assets	2,676,543	0	2,676,543
Depreciable Capital Assets (Net)	32,834,337	1,700,975	34,535,312
<i>Total Assets</i>	<u>89,226,722</u>	<u>3,076,221</u>	<u>92,302,943</u>
<b>Liabilities</b>			
Accounts Payable	295,969	18,361	314,330
Accrued Wages and Benefits	3,182,260	267,459	3,449,719
Matured Compensated Absences	28,879	0	28,879
Intergovernmental Payable	1,536,180	105,142	1,641,322
Deferred Revenue	24,841,976	0	24,841,976
Accrued Interest Payable	34,864	0	34,864
Claims Payable	581,208	0	581,208
Long Term Liabilities:			
Due Within One Year	3,353,331	53,442	3,406,773
Due in More Than One Year	21,895,388	388,786	22,284,174
<i>Total Liabilities</i>	<u>55,750,055</u>	<u>833,190</u>	<u>56,583,245</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	21,536,231	1,700,975	23,237,206
Restricted for:			
Capital Projects	666,572	0	666,572
Debt Service	2,194,928	0	2,194,928
Other Purposes	708,157	0	708,157
Unrestricted	8,370,779	542,056	8,912,835
<i>Total Net Assets</i>	<u>\$ 33,476,667</u>	<u>\$ 2,243,031</u>	<u>\$ 35,719,698</u>

See accompanying notes to the basic financial statements.

**Wooster City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2011

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions
<b>Governmental Activities</b>			
Instruction:			
Regular	\$ 18,662,304	\$ 772,502	\$ 279,962
Special	5,684,152	0	1,896,666
Vocational	397,441	0	0
Student Intervention	138,004	0	147,036
Other	2,354,936	0	0
Support Services:			
Pupils	2,086,637	0	111,170
Instructional Staff	2,173,541	0	549,179
Board of Education	51,587	0	0
Administration	2,877,226	0	76,635
Fiscal	972,329	0	47,803
Business	221,316	0	0
Operation and Maintenance of Plant	4,710,760	0	7,382
Pupil Transportation	1,707,292	0	53,441
Central	711,178	0	27,459
Operation of Non-Instructional Services	412,310	0	230,429
Extracurricular Activities	684,525	438,107	12,979
Depreciation Expense not Included in Other Functions (See Note 9)	90,356	0	0
Interest and Fiscal Charges	1,199,937	0	6,320
<i>Total Governmental Activities</i>	<u>45,135,831</u>	<u>1,210,609</u>	<u>3,446,461</u>
<b>Business-Type Activities</b>			
Food Service	1,546,756	539,750	1,028,228
Uniform School Supplies	4,269	5,623	0
Education Costs for Outside Entities	2,220,857	2,478,675	147,924
Recreation Center	242,028	144,425	0
<i>Total Business-Type Activities</i>	<u>4,013,910</u>	<u>3,168,473</u>	<u>1,176,152</u>
<i>Totals</i>	<u>\$ 49,149,741</u>	<u>\$ 4,379,082</u>	<u>\$ 4,622,613</u>

**General Revenues**

Property Taxes Levied for:  
General Purposes  
Debt Service  
Capital Outlay  
Grants and Entitlements not Restricted  
to Specific Programs  
Investment Earnings  
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (17,609,840)	\$ 0	\$ (17,609,840)
(3,787,486)	0	(3,787,486)
(397,441)	0	(397,441)
9,032	0	9,032
(2,354,936)	0	(2,354,936)
(1,975,467)	0	(1,975,467)
(1,624,362)	0	(1,624,362)
(51,587)	0	(51,587)
(2,800,591)	0	(2,800,591)
(924,526)	0	(924,526)
(221,316)	0	(221,316)
(4,703,378)	0	(4,703,378)
(1,653,851)	0	(1,653,851)
(683,719)	0	(683,719)
(181,881)	0	(181,881)
(233,439)	0	(233,439)
(90,356)	0	(90,356)
(1,193,617)	0	(1,193,617)
(40,478,761)	0	(40,478,761)
0	21,222	21,222
0	1,354	1,354
0	405,742	405,742
0	(97,603)	(97,603)
0	330,715	330,715
(40,478,761)	330,715	(40,148,046)
23,293,139	0	23,293,139
2,163,107	0	2,163,107
441,646	0	441,646
17,833,292	0	17,833,292
121,843	1,383	123,226
78,841	138	78,979
43,931,868	1,521	43,933,389
3,453,107	332,236	3,785,343
30,023,560	1,910,795	31,934,355
\$ 33,476,667	\$ 2,243,031	\$ 35,719,698

See accompanying notes to the basic financial statements.

**Wooster City School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2011*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 19,525,389	\$ 1,901,756	\$ 1,081,490	\$ 22,508,635
Receivables:				
Taxes	25,524,321	2,357,627	456,655	28,338,603
Accounts	3,725	0	0	3,725
Interfund	423,825	0	0	423,825
Interest	45,018	0	0	45,018
Intergovernmental	118,923	0	528,401	647,324
<i>Total Assets</i>	<u>\$ 45,641,201</u>	<u>\$ 4,259,383</u>	<u>\$ 2,066,546</u>	<u>\$ 51,967,130</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	237,837	\$ 0	\$ 58,132	\$ 295,969
Accrued Wages and Benefits	3,000,341	0	181,919	3,182,260
Matured Compensated Absences	28,879	0	0	28,879
Interfund Payable	0	0	67,425	67,425
Intergovernmental Payable	1,360,398	0	175,782	1,536,180
Deferred Revenue	23,696,022	2,179,097	854,143	26,729,262
<i>Total Liabilities</i>	28,323,477	2,179,097	1,337,401	31,839,975
<b>Fund Balances</b>				
Restricted	0	2,080,286	960,550	3,040,836
Assigned	595,749	0	0	595,749
Unassigned	16,721,975	0	(231,405)	16,490,570
<i>Total Fund Balances</i>	<u>17,317,724</u>	<u>2,080,286</u>	<u>729,145</u>	<u>20,127,155</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 45,641,201</u>	<u>\$ 4,259,383</u>	<u>\$ 2,066,546</u>	<u>\$ 51,967,130</u>

See accompanying notes to the basic financial statements.

**Wooster City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets Governmental Activities  
 June 30, 2011*

Total Governmental Fund Balances		\$ 20,127,155
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		35,510,880
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 432,268	
Excess Costs	87,698	
Delinquent Property Taxes	1,367,320	1,887,286
Bond issuance costs reported as an expenditure in the funds are allocated as an expense over the life of the debt on an accrual basis.		91,044
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		1,143,885
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
General Obligation Bonds	9,735,002	
Notes Payable	1,451,000	
Capital Appreciation Bonds	8,915,726	
Bond Premiums	153,123	
Loss on Refunding	(62,078)	
Compensated Absences	5,055,946	
Accrued Interest	34,864	(25,283,583)
Net Assets of Governmental Activities		\$ 33,476,667

See accompanying notes to the basic financial statements.

**Wooster City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 23,488,489	\$ 2,183,077	\$ 449,632	\$ 26,121,198
Intergovernmental	16,727,706	383,429	4,134,342	21,245,477
Investment Income	122,266	6,320	5,939	134,525
Tuition and Fees	813,792	0	9,750	823,542
Extracurricular Activities	142,732	0	174,555	317,287
Rentals	32,507	0	0	32,507
Gifts and Donations	0	0	27,180	27,180
Miscellaneous	72,717	0	6,119	78,836
<i>Total Revenues</i>	41,400,209	2,572,826	4,807,517	48,780,552
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	17,095,907	0	298,010	17,393,917
Special	3,628,916	0	1,946,848	5,575,764
Vocational	383,741	0	0	383,741
Student Intervention	6,911	0	151,578	158,489
Other	2,354,936	0	0	2,354,936
Support Services:				
Pupils	1,907,907	0	109,474	2,017,381
Instructional Staff	1,609,145	0	551,678	2,160,823
Board of Education	51,587	0	0	51,587
Administration	2,754,829	0	81,284	2,836,113
Fiscal	906,739	0	57,773	964,512
Business	220,504	0	0	220,504
Operation and Maintenance of Plant	3,721,597	0	796,513	4,518,110
Pupil Transportation	1,550,250	0	106,148	1,656,398
Central	522,324	0	181,445	703,769
Operation of Non-Instructional Services	137,866	0	274,444	412,310
Extracurricular Activities	477,867	0	157,956	635,823
Capital Outlay	0	0	222,388	222,388
Debt Service:				
Principal Retirement	0	1,168,427	0	1,168,427
Interest and Fiscal Charges	0	1,969,495	0	1,969,495
<i>Total Expenditures</i>	37,331,026	3,137,922	4,935,539	45,404,487
<i>Excess of Revenues Over (Under) Expenditures</i>	4,069,183	(565,096)	(128,022)	3,376,065
<b>Other Financing Sources (Uses):</b>				
Proceeds From Sale of Capital Assets	5,668	0	0	5,668
Transfers In	74,843	205,500	75,000	355,343
Transfers Out	(280,500)	0	(74,843)	(355,343)
<i>Total Financing Sources and (Uses)</i>	(199,989)	205,500	157	5,668
<i>Net Change in Fund Balance</i>	3,869,194	(359,596)	(127,865)	3,381,733
<i>Fund Balance (Deficit) at Beginning of Year</i> <i>Restated, See Note 2R</i>	13,448,530	2,439,882	857,010	16,745,422
<i>Fund Balance (Deficit) at End of Year</i>	\$ 17,317,724	\$ 2,080,286	\$ 729,145	\$ 20,127,155

See accompanying notes to the basic financial statements.



**Wooster City School District**  
*Reconciliation of the Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2011*

Net Change in Fund Balances - Total Governmental Funds	\$	3,381,733
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays 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 by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 411,316	
Current Year Depreciation	<u>(1,325,610)</u>	(914,294)
 Net effect of transactions involving disposal of capital assets are not reflected in the funds.		
		(10,286)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	(9,274)	
Other Revenue	40,964	
Delinquent Property Taxes	<u>(223,305)</u>	(191,615)
 Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond and Note Principal	1,168,427	
Accreted Interest on Matured Capital Appreciation Bond	<u>1,477,573</u>	2,646,000
 Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in the governmental funds.		
(Increase) Decrease in Compensated Absences	(45,709)	
Accrued Interest Payable	937	
Bond Accretion	(708,952)	
Amortization of Bond Premium	21,874	
Amortization of Refunding Loss	(8,868)	
Amortization of Bond Issuance Costs	<u>(13,006)</u>	(753,724)
 The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.		
		<u>(704,707)</u>
 Change in Net Assets of Governmental Activities	 \$	 <u><u>3,453,107</u></u>

See accompanying notes to the basic financial statements.

**Wooster City School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
 Budget (Non-GAAP Basis) and Actual  
 General Fund  
 For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Taxes	\$ 15,130,000	\$ 22,914,451	\$ 22,916,956	\$ 2,505
Intergovernmental	14,705,992	16,747,992	16,749,276	1,284
Investment Income	100,000	127,500	128,368	868
Tuition and Fees	630,052	812,002	813,544	1,542
Extracurricular Activities	60,605	110,605	112,088	1,483
Rentals	21,265	32,265	32,789	524
Miscellaneous	32,266	71,931	73,332	1,401
<i>Total Revenues</i>	<u>30,680,180</u>	<u>40,816,746</u>	<u>40,826,353</u>	<u>9,607</u>
<b>Expenditures:</b>				
Current				
Instruction:				
Regular	17,889,585	18,159,602	17,541,428	618,174
Special	3,985,591	3,993,616	3,823,462	170,154
Vocational	389,400	390,088	384,897	5,191
Student Intervention	14,612	14,612	7,096	7,516
Other	2,289,728	2,311,728	2,311,681	47
Support Services:				
Pupils	2,007,058	2,007,147	1,914,135	93,012
Instructional Staff	1,699,728	1,703,992	1,660,478	43,514
Board of Education	116,624	156,784	114,392	42,392
Administration	2,881,600	2,894,916	2,767,632	127,284
Fiscal	921,234	928,034	912,113	15,921
Business	316,710	317,515	269,598	47,917
Operation and Maintenance of Plant	4,236,369	4,031,589	3,828,814	202,775
Pupil Transportation	1,879,596	1,870,596	1,710,671	159,925
Central	725,201	559,007	523,736	35,271
Operation of Non-Instructional Services	167,234	167,234	156,250	10,984
Extracurricular	462,440	476,250	472,643	3,607
<i>Total Expenditures</i>	<u>39,982,710</u>	<u>39,982,710</u>	<u>38,399,026</u>	<u>1,583,684</u>
Excess of Revenues Over (Under) Expenditures	(9,302,530)	834,036	2,427,327	1,593,291
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Assets	0	0	5,668	5,668
Other Financing Uses	(100,000)	(100,000)	0	100,000
Advances In	757,600	757,600	757,600	0
Advances Out	(495,850)	(495,850)	(423,825)	72,025
Transfers In	0	75,000	74,843	(157)
Transfers Out	(280,500)	(280,500)	(280,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(118,750)</u>	<u>(43,750)</u>	<u>133,786</u>	<u>177,536</u>
<i>Net Change in Fund Balance</i>	(9,421,280)	790,286	2,561,113	1,770,827
<i>Fund Balance (Deficit) at Beginning of Year</i>	15,424,245	15,424,245	15,424,245	0
Prior Year Encumbrances Appropriated	643,815	643,815	643,815	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 6,646,780</u>	<u>\$ 16,858,346</u>	<u>\$ 18,629,173</u>	<u>\$ 1,770,827</u>

See accompanying notes to the basic financial statements.

**Wooster City School District**  
*Statement of Fund Net Assets*  
*Proprietary Funds*  
*June 30, 2011*

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
<b>Assets</b>		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 368,200	\$ 1,726,493
Accounts Receivable	58,391	302,152
Intergovernmental Receivable	1,270,096	0
Inventory Held For Resale	33,559	0
<i>Total Current Assets</i>	1,730,246	2,028,645
Non Current Assets:		
Depreciable Capital Assets (Net)	1,700,975	0
<i>Total Assets</i>	3,431,221	2,028,645
<b>Liabilities</b>		
Current Liabilities:		
Accounts Payable	18,361	0
Accrued Wages and Benefits	267,459	0
Interfund Payable	355,000	1,400
Intergovernmental Payable	105,142	0
Unearned Revenue	0	302,152
Compensated Absences Payable	53,442	0
Claims Payable	0	581,208
<i>Total Current Liabilities</i>	799,404	884,760
Long Term Liabilities:		
Compensated Absences, Net of Current Portion	388,786	0
<i>Total Liabilities</i>	1,188,190	884,760
<b>Net Assets</b>		
Invested in Capital Assets	1,700,975	0
Unrestricted	542,056	1,143,885
<i>Total Net Assets</i>	\$ 2,243,031	\$ 1,143,885

See accompanying notes to the basic financial statements.

**Wooster City School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Funds*  
*For the Fiscal Year Ended June 30, 2011*

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
<b>Operating Revenues:</b>		
Tuition	\$ 2,478,675	\$ 0
Sales	689,798	0
Charges for Services	0	5,763,166
Other Operating Revenues	138	0
<i>Total Operating Revenues</i>	<u>3,168,611</u>	<u>5,763,166</u>
<b>Operating Expenses:</b>		
Salaries	1,993,591	0
Fringe Benefits	745,930	0
Purchased Services	1,073,047	691,721
Materials and Supplies	148,536	0
Claims	0	5,788,158
Depreciation	52,806	0
<i>Total Operating Expenses</i>	<u>4,013,910</u>	<u>6,479,879</u>
Operating Income (Loss)	<u>(845,299)</u>	<u>(716,713)</u>
<b>Non-Operating Revenues (Expenses):</b>		
Federal Donated Commodities	102,134	0
Grants	1,074,018	0
Interest	1,383	12,006
<i>Total Non-Operating Revenues (Expenses)</i>	<u>1,177,535</u>	<u>12,006</u>
<i>Change in Net Assets</i>	332,236	(704,707)
<i>Net Assets (Deficit) Beginning of Year</i>	<u>1,910,795</u>	<u>1,848,592</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$ 2,243,031</u>	<u>\$ 1,143,885</u>

See accompanying notes to the basic financial statements.

**Wooster City School District**  
*Statement of Cash Flows*  
*Proprietary Funds*  
*For the Fiscal Year Ended June 30, 2011*

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
<b>Cash Flows From Operating Activities:</b>		
Cash Received from Customers	\$ 3,150,301	\$ 5,763,166
Other Cash Receipts	138	0
Cash Paid for Goods and Services	(1,149,202)	(691,721)
Cash Paid to Employees	(2,780,961)	0
Cash Paid for Claims	0	(5,677,546)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(779,724)</u>	<u>(606,101)</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>		
Advances to Other Funds	(607,000)	0
Advances from Other Funds	355,000	1,400
Grants	1,074,018	0
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	<u>822,018</u>	<u>1,400</u>
<b>Cash Flows From Investing Activities:</b>		
Interest on Investments	1,383	12,006
<i>Net Cash Provided By (Used For) Investing Activities</i>	<u>1,383</u>	<u>12,006</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	43,677	(592,695)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>324,523</u>	<u>2,319,188</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 368,200</u>	<u>\$ 1,726,493</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:</b>		
Operating Income (Loss)	\$ (845,299)	\$ (716,713)
Adjustments:		
Depreciation	52,806	0
Federal Donated Commodities	102,134	0
(Increase) Decrease Assets		
Accounts Receivable	(53,907)	(40,638)
Intergovernmental Receivable	35,735	0
Inventory	(4,248)	0
Increase (Decrease) in Liabilities		
Accounts Payable	(13,284)	0
Accrued Wages and Benefits	(1,086)	0
Matured Compensated Absences Payable	(16,016)	0
Compensated Absences Payable	(24,338)	0
Intergovernmental Payable	(12,221)	0
Deferred Revenue	0	40,638
Claims Payable	0	110,612
<i>Total Adjustments</i>	<u>65,575</u>	<u>110,612</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (779,724)</u>	<u>\$ (606,101)</u>

Noncash items:

The Food Service Fund received \$102,134 in Federally donated commodities.

See accompanying notes to the basic financial statements.

**Wooster City School District**  
*Statement of Fiduciary Net Assets*  
*Fiduciary Funds*  
*June 30, 2011*

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 732	\$ 154,778
<b>Liabilities</b>		
Due to Students	0	\$ 154,778
<b>Net Assets</b>		
Held in Trust for Scholarships	\$ 732	

See accompanying notes to the basic financial statements.

**Wooster City School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*For the Fiscal Year Ended June 30, 2011*

	Private Purpose Trust
	Scholarship
<b>Additions</b>	
Donations	\$ 1,394
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	1,371
<i>Change in Net Assets</i>	23
<i>Net Assets Beginning of Year</i>	709
<i>Net Assets End of Year</i>	\$ 732

See accompanying notes to the basic financial statements.

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**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 1 - Description of the School District**

The Wooster City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. The Board controls the School District's thirteen instructional/support facilities staffed by 218 non-certificated personnel, 329 certificated full time teaching personnel and 24 administrative employees to provide services to students and other community members.

*Reporting Entity*

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Wooster City School District, this includes general operations, food service, special needs school (Boys Village), and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

The School District participates in one public entity risk pool and one jointly governed organization. These organizations include the Ohio School Comp Workers' Compensation Group Rating Program (GRP) and the Tri-County Computer Services Association (TCCSA). These organizations are presented in Notes 10 and 17 to the basic financial statements.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from accompanying financial statements. All are legally separate. None are fiscally dependent on the School District. The School District is not financially accountable for any of these entities:

City of Wooster

The Wayne County Public Library

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles to its governmental activities provided they do not conflict or contradict GASB pronouncements. The School District applies generally accepted accounting principles that were issued prior to November 30, 1989 by the Financial Accounting Standards Board ("FASB") to its governmental and business-type activities and proprietary funds provided they do not conflict with or

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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contradict GASB pronouncements. The School District has elected not to follow FASB guidance for business-type activities and enterprise funds issued after November 30, 1989. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification.

The following are the most significant of the School District's accounting policies.

**A. Basis of Presentation**

The School 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.

**Government-wide Financial Statements** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid “doubling up” of revenues and expenses.

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the four business-type activities of the School District. 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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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 School District's major governmental funds:

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

**Debt Service Fund** The debt service fund is used to account for the accumulation of property tax revenues for, and the payment of, principal and interest obligations relative to the School District's general obligation bonds.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

**Proprietary Fund Type** Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The following is the School District's proprietary fund types:

**Enterprise Funds** Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

**Internal Service Fund** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee health insurance benefits.

**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 School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds are private purpose trust and agency funds. The School District's agency funds account for student activities and the private purpose trusts disburse scholarships to students.

### **C. Measurement Focus**

**Government-wide Financial Statements** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets.

**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.

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities.

***D. 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. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual 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 School District, available means expected to be received within sixty days of the fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) 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 fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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 fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees, and rentals.

***Deferred/Unearned Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 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 is reported in the internal service fund for insurance premiums receivable.

***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 "federal donated commodities".

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 governmental funds.

***E. Cash and Cash Equivalents***

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

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2011. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011. Certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$122,266, which includes \$1,697 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***F. Inventory***

Within the basic financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of the general fund were not significant at year end. Inventories of the food service enterprise fund consist of donated and purchased food.

***G. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets may include amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital assets. See Note 19 for additional information regarding restricted assets.

***H. 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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

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 School District maintains a capitalization threshold of \$5,000. The School 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.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land	N/A	N/A
Buildings and Improvements	10 - 40 Years	10 - 40 Years
Furniture and Equipment	5 - 20 Years	20 Years
Vehicles	13 Years	N/A
Textbooks	5 Years	N/A
Ice Arena	50 Years	N/A

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***I. Interfund Balances***

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 and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

***J. Compensated Absences***

GASB Statement No. 16 specifies that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met.

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The School District has accrued a liability for these compensated absences using the termination method when the following criterion is met.

1. The benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

The sick leave liability has been based on the School District's past experience of making termination payments for sick leave.

The entire governmental compensated absence liability is reported on the government-wide financial statements.

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the basic financial statements within the fund the employee will be paid from. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

***L. Deferred Charges and Bond Premiums***

In governmental fund types, bond premiums and issuance costs are recognized in the current period. On the statement of net assets, note premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which is not significantly different than the bonds outstanding method, or the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

***M. 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 School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

***N. Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual



**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

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

***O. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service, uniform school supplies, costs for outside entities and recreation center fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as nonoperating.

***P. Contributions of Capital***

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during the current fiscal year.

***Q. Interfund Activity***

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. 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 and after nonoperating revenues/expenses in proprietary funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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***R. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2011.

***S. 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.

***T. Budgetary Data***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the object level for certain functions within the general fund and at the fund level for other funds. The treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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 in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect when the final appropriations were passed.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the budgetary statements reflect the final appropriations passed by the Board during the year.

***Q. Change in Accounting Principles***

For the year ended June 30, 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*" and GASB Statement No. 59, "*Financial Instruments Omnibus*."

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the School District.

***R. Restatement of Fund Balances***

On July 1, 2010, the School District implemented Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”. As a result, the public school support fund, previously reported as a Special Revenue Fund, was reclassified to the General Fund for GAAP reporting purposes. The following is the effect of that change in fund balances:

	General Fund	Other Governmental Funds
Fund Balance June 30, 2010	\$ 13,382,375	\$ 923,165
Fund Reclassification	66,155	(66,155)
Restated Fund Balance July 1, 2011	\$ 13,448,530	\$ 857,010

**Note 3 – Fund Balance**

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

	General	Debt Service	Other Governmental Funds	Total
Restricted for:				
Debt Service	\$ 0	\$ 2,080,286	\$ 0	\$ 2,080,286
Capital Outlay	0	0	644,238	644,238
Extracurricular	0	0	205,369	205,369
Target Academic Assistance	0	0	7,132	7,132
Non-Public Schools	0	0	41,378	41,378
Other Purposes	0	0	62,433	62,433
<b>Total Restricted</b>	<b>0</b>	<b>2,080,286</b>	<b>960,550</b>	<b>3,040,836</b>
Assigned for:				
Encumbrances	531,495	0	0	531,495
Public School Support	64,254	0	0	64,254
<b>Total Assigned</b>	<b>595,749</b>	<b>0</b>	<b>0</b>	<b>595,749</b>
Unassigned	16,721,975	0	(231,405)	16,490,570
<b>Total Fund Balance (Deficit)</b>	<b>\$ 17,317,724</b>	<b>\$ 2,080,286</b>	<b>\$ 729,145</b>	<b>\$ 20,127,155</b>

**Note 4 - Fund Deficits**

Fund balances at June 30, 2011 included the following individual fund deficits:

	<u>Deficit Fund Balance</u>
<i>Governmental Activities:</i>	
NonMajor Funds:	
Public Preschool	\$ 11,218
Title VI-B	181,937
Title II-D Technology	464
Title I	37,786
<i>Business-Type Activities:</i>	
NonMajor Funds:	
Food Service	174,996

The deficits in the nonmajor governmental funds resulted from adjustments for accrued liabilities. The deficit in the food service fund is the result of adjustments for accrued liabilities and the timing of receipts. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

**Wooster City School District**  
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**Note 5 - Budgetary Basis of Accounting**

While the School 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 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund.

Net Change in Fund Balance

GAAP Basis	\$	3,869,194
Net Adjustment for Revenue Accruals		(542,789)
Advances In		757,600
Net Adjustment for Expenditure Accruals		(270,473)
Advances Out		(423,825)
Funds Budgeted Elsewhere **		162
Adjustment for Encumbrances		(828,756)
Budget Basis	\$	2,561,113

\*\* As part of Governmental Accounting Standards Board No. 54, *“Fund Balance Reporting and Governmental Fund Type Definitions,”* certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund.

**Wooster City School District**  
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**Note 6 - Deposits and Investments**

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

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

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

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

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

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

**Wooster City School District**  
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7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

**Deposits:** The carrying value of the School District's deposits totaled \$17,578,981 and the bank balances of the deposits totaled \$18,034,710. All of the bank balance was covered by federal depository insurance. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Investments:** Investments are reported at fair value. As of June 30, 2011, the School District had the following investments:

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Rating by Moody	Issue	Fair Value	Investment Maturity less than 1 year	Percentage of Total Investments
N/A *	Repurchase Agreement	\$ 7,179,821	\$ 7,179,821	100.00%
AAAm **	STAROhio	36	36	0.00%
		<u>\$ 7,179,857</u>	<u>\$ 7,179,857</u>	<u>100.00%</u>

\* Underlying Securities are Exempt

\*\* Rated by Standard and Poor's

**Interest Rate Risk** – The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District’s policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

**Credit Risk:** The School District’s investments credit ratings are summarized above. The School District’s investments in the federal agency securities that underlie the School District’s repurchase agreement were rated Aaa by Moody’s Investor Services.

**Concentration of Credit Risk** –The School District places no limit on the amount the School District may invest in any one issuer. See percentages of investments above.

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2011 for real and public utility property taxes represents collections of calendar 2010 taxes. 2011 real property taxes are levied after April 1, 2010, on the assessed value listed as of the prior January 1, 2010, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2011 public utility property taxes became a lien December 31, 2009, are levied after April 1, 2010 and are collected in 2011 with real property taxes.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2009 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder



**Wooster City School District**  
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payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property was eliminated in 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In 2007-2010, the School District was fully reimbursed for the lost revenue. In 2011-2017, the reimbursements will be phased out.

The property valuation consisted of:

	<u>2010 Second Half Collection</u>	<u>2011 First Half Collection</u>
Real Property		
Residential/Agricultural	\$ 429,314,990	\$ 431,215,760
Commercial/Industrial	195,084,370	186,501,810
Public Utilities	79,110	76,110
Minerals	2,876,710	3,414,590
 Tangible Personal Property		
Public Utilities	<u>16,647,765</u>	<u>16,643,670</u>
 Total Valuation	<u><u>\$ 644,002,945</u></u>	<u><u>\$ 637,851,940</u></u>

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers' are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Wayne County. The County Auditor periodically advances to the School District their portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied 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 late settlement and the amount available as an advance at June 30 are recognized as revenue.

The amount available as an advance at June 30, 2011, was \$2,129,307 and is recognized as revenue. \$1,915,997 was available to the general fund and \$178,530 was available to the bond retirement debt service, and \$34,780 was available to other governmental funds.

**Note 8 - Receivables**

Receivables at June 30, 2011, consisted of taxes, accounts (student fees), interfund, interest and intergovernmental grants. 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 fiscal year guarantee of federal funds. Intergovernmental receivable consisted of a \$118,923 receivable in general fund and the following in other governmental and enterprise funds:

	Other Governmental Funds	Enterprise Funds
State and Federal Grants	\$ 526,835	\$ 0
Tuition Costs	0	1,266,165
SERS Overpayment	1,566	3,931
Total	528,401	1,270,096

**Wooster City School District**  
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**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance 6/30/2010	Additions	Reductions	Balance 6/30/2011
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 2,676,543	\$ 0	\$ 0	\$ 2,676,543
	<u>2,676,543</u>	<u>0</u>	<u>0</u>	<u>2,676,543</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	3,169,944	170,561	0	3,340,505
Buildings and Improvements	51,129,938	30,874	0	51,160,812
Furniture and Equipment	1,313,405	96,912	(70,370)	1,339,947
Vehicles	2,152,271	112,969	(19,464)	2,245,776
Textbooks	158,895	0	0	158,895
Ice Arena	(1) 4,517,809	0	0	4,517,809
Total Capital Assets, being depreciated	<u>62,442,262</u>	<u>411,316</u>	<u>(89,834)</u>	<u>62,763,744</u>
Less Accumulated Depreciation:				
Land Improvements	(2,928,673)	(96,085)	0	(3,024,758)
Buildings and Improvements	(22,490,894)	(921,380)	0	(23,412,274)
Furniture and Equipment	(1,020,901)	(56,686)	60,084	(1,017,503)
Vehicles	(1,270,778)	(161,103)	19,464	(1,412,417)
Textbooks	(158,895)	0	0	(158,895)
Ice Arena	(1) (813,204)	(90,356)	0	(903,560)
Total Accumulated Depreciation	<u>(28,683,345)</u>	<u>(1,325,610)</u>	<u>79,548</u>	<u>(29,929,407)</u>
Total Capital Assets being depreciated, net	<u>33,758,917</u>	<u>(914,294)</u>	<u>(10,286)</u>	<u>32,834,337</u>
Governmental Activities Capital Assets, Net	<u>\$ 36,435,460</u>	<u>\$ (914,294)</u>	<u>\$ (10,286)</u>	<u>\$ 35,510,880</u>
<b>Business-Type Activities</b>				
<i>Capital Assets, being depreciated:</i>				
Buildings	\$ 2,535,383	\$ 0	\$ 0	\$ 2,535,383
Furniture and Equipment	362,739	0	0	362,739
Total Capital Assets, being depreciated	<u>2,898,122</u>	<u>0</u>	<u>0</u>	<u>2,898,122</u>
Less Accumulated Depreciation:				
Buildings	(794,424)	(50,706)	0	(845,130)
Furniture and Equipment	(349,917)	(2,100)	0	(352,017)
Total Accumulated Depreciation	<u>(1,144,341)</u>	<u>(52,806)</u>	<u>0</u>	<u>(1,197,147)</u>
Total Capital Assets being depreciated, net	<u>1,753,781</u>	<u>(52,806)</u>	<u>0</u>	<u>1,700,975</u>
Business-Type Activities Capital Assets, Net	<u>\$ 1,753,781</u>	<u>\$ (52,806)</u>	<u>\$ 0</u>	<u>\$ 1,700,975</u>

**Wooster City School District**  
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Depreciation expense was charged to governmental functions as follows:

<i>Governmental Activities:</i>	
Instruction:	
Regular	\$ 804,474
Support Services:	
Instructional Staff	745
Administration	1,816
Operation and Maintenance of Plant	217,605
Pupil Transportation	160,526
Central	1,545
Extracurricular Activities	48,543
Depreciation Expense Not Included in in Other Functions	(1) <u>90,356</u>
Total Governmental Activities	<u>\$ 1,325,610</u>
 <i>Business-Type Activities:</i>	
Food Service	\$ 1,899
Community Recreation	<u>50,907</u>
Total Business-Type Activities	<u>\$ 52,806</u>

(1) The ice arena was donated to the School District and is operated by the Donald and Alice Noble Foundation, Inc. The School District does not collect any fees or pay any expenses to operate the facility.

**Note 10 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District insures its buildings and their contents through insurance having a \$1,000 deductible and providing replacement cost for such items. An inventory of all loose equipment is conducted annually.

Appropriate liability insurance is maintained in the amount of \$4,000,000 for each occurrence and \$6,000,000 aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Bond is maintained on all employees handling or responsible for money in the amount of \$25,000. A bond of \$50,000 is maintained on the Treasurer. Bonds are also provided for the School Board President, Superintendent, and Business Manager in the amount of \$10,000 each.

By state statute, Bond is provided by all contractors in amounts sufficient to cover the entire bid amount awarded to the contractor.

**Wooster City School District**  
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***B. Workers' Compensation***

As of June 30, 2011, the School District participates in the Ohio School Comp Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. This represents a merger of individual pooling programs for the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO). Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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

***C. Health Insurance***

The School District is self-insured for its medical insurance, dental insurance, and prescription drug program. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2011, a total expense of \$6,479,879 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$100,000. The liability for unpaid claims cost of \$581,208 reported in the fund at June 30, 2011 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost, including estimates of costs relating to incurred but not reported claims, be reported. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as charges for services to other funds.

Changes in the fund's claims liability amount in 2010 and 2011 were:

	<u>Balance</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2010	\$ 548,955	5,381,639	5,459,998	\$ 470,596
2011	\$ 470,596	5,788,158	5,677,546	\$ 581,208

**Note 11 – Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and state laws. Classified employees earn up to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees as earned. Accumulated, unused vacation time is paid to classified employees upon termination or retirement. Teachers do not earn vacation time.

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Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month.

For employees with 10 to 30 years of service, a percentage of unused sick time is paid upon retirement at 50% of the maximum number of days accumulated not to exceed 275 days for certificated staff and classified staff.

For employees with more than 30 years of service, a percentage of unused sick time is paid upon retirement at the lesser of 65 days or 25% of the maximum number of days accumulated not to exceed 275 days for certificated staff and classified staff.

**Note 12 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The School 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 (800) 878-5853. It is also posted on SERS' Web site, [www.ohsers.org](http://www.ohsers.org), under Employers/Audit Resources.

Plan members are required to contribute 10% of their annual covered payroll and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 % of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10% for plan members and 14% for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2011, 11.81% of annual covered salary was the portion used to fund pension obligations. For fiscal years 2010 and 2009, the amounts were 12.78% and 9.09%, respectively. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$729,235 \$849,051 and \$595,634 respectively; 49% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009. \$436,996 represents the unpaid contribution for fiscal year 2011, and is recorded as a liability within the respective funds.

***B. State Teachers Retirement System***

The School District participates in the 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 E. Broad St., Columbus, OH 43215-3771, by calling 1-800-227-7877, or by visiting STRS Ohio website at [strsoh.org](http://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

**Wooster City School District**  
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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 divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5% of earned compensation among various investment accounts. 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 the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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, 2011, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13%. 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 employer contributions.

The School District's required contributions to the DB Plan for the fiscal years ended June 30, 2011, 2010, and 2009 were \$2,638,718, \$2,682,711, and \$2,604,608 respectively; 83% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$49,899 made by the School District and \$93,640 made by the plan members. \$458,212 represents the unpaid contribution for fiscal year 2011, and is recorded as a liability within the respective funds.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. Effective April 11, 2005, a reemployed retiree may alternatively receive a refund of member contributions with interest before age 65, once employment is terminated.

***C. Social Security System***

Members of the Board of Education have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011, four members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**Wooster City School District**  
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**Note 13 - Postemployment Benefits**

***A. School Employees Retirement System***

The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by SERS for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan included hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43%, at June 30, 2010 and 2009 the allocation was .46% and 4.16%, respectively. The District's contributions for the years ended June 30, 2011, 2010 and 2009 were \$88,299, \$30,561 and \$272,589, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. For the School District during fiscal year 2011 this amounted to \$81,816.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76% and for fiscal years 2010 and 2009 the required allocation was .76% and .75%, respectively. The School District contributions for the fiscal years 2011, 2010 and 2009 were \$46,928, \$50,491 and \$49,145, respectively.

***B. State Teachers Retirement System***

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

Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated



**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$195,870, \$196,528 and \$196,022, respectively.

**Note 14 - Long - Term Obligations**

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 6/30/10	Additions	Reductions	Outstanding 6/30/11	Amounts Due in One Year
<b>Governmental Activities:</b>					
<i>Note Payable:</i>					
Energy Conservation Note					
Interest Rate 3.32% through 2018	\$ 1,607,000	\$ 0	\$ 156,000	\$ 1,451,000	\$ 162,000
<i>General Obligation Bonds Payable:</i>					
1997 Bond Refunding					
3.8% - 4.6% through 2017	430,000	0	0	430,000	0
Capital Appreciation Bonds	2,837,075	0	787,427	2,049,648	732,049
Accretion on CABs	5,067,379	581,316	1,477,573	4,171,122	1,582,951
2004 Bond Refunding					
2.5% - 4.1% through 2018	1,730,002	0	225,000	1,505,002	0
Capital Appreciation Bonds	234,998	0	0	234,998	122,765
Accretion on CABs	149,854	36,111	0	185,965	107,237
2007 Bond Refunding					
4.00%-4.15% through 2016	7,800,000	0	0	7,800,000	0
Capital Appreciation Bonds	1,955,000	0	0	1,955,000	0
Accretion on CABs	227,468	91,525	0	318,993	0
Premium on Debt Issuance	174,997	0	21,874	153,123	0
Refunding Loss	(70,946)	0	8,868	(62,078)	0
Total	<u>22,142,827</u>	<u>708,952</u>	<u>2,676,742</u>	<u>20,192,773</u>	<u>2,707,002</u>
Compensated Absences	<u>5,010,237</u>	<u>566,343</u>	<u>520,634</u>	<u>5,055,946</u>	<u>646,329</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 27,153,064</u>	<u>\$ 1,275,295</u>	<u>\$ 3,197,376</u>	<u>\$ 25,248,719</u>	<u>\$ 3,353,331</u>
<b>Business-Type Activities</b>					
Compensated Absences	<u>\$ 466,566</u>	<u>\$ 12,264</u>	<u>\$ 36,602</u>	<u>\$ 442,228</u>	<u>\$ 53,442</u>

In 1997, the School District issued \$24,994,832 in refunded general obligation bonds. These include current interest bonds which mature December 2017, and capital appreciation bonds which mature December 2013.

In 2004, the School District issued \$3,010,000 in refunded general obligation bonds. These include current interest bonds which mature in December 2018, and capital appreciation bonds which mature in December 2012. The associated costs of the refunding were insignificant and will not be amortized.

On September 27, 2007, the School District issued \$9,755,000 in refunded general obligation bonds. These include current interest bonds which mature in December 2016, and capital appreciation bonds with mature in December 2017. The proceeds of the bonds were used to refund \$9,852,550 of the School

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

District's outstanding Capital Improvement Bonds. The bonds were issued for an 11 year period with final maturity at December 1, 2017. At the date of the refunding, \$9,995,619 (including premium and after underwriting fees) was deposited in the debt service fund for the payment on the refunded bonds to the bond escrow agent. As of June 30, 2011 \$9,755,000 of these bonds are considered defeased.

These refunding bonds were issued with a premium of \$240,619, which is reported as an increase to bonds payable. The amounts are being amortized to interest expenses over the life of the bonds using the straight-line method. There was \$21,874 in amortization recorded for June 30, 2011. The issuance costs of \$143,069 have been reported as prepaid expenses and are being amortized to interest expense over the life of the loan. There was \$13,006 in amortization recorded for June 30, 2011. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$97,550.

In 2009, the School District issued \$1,757,800 in energy conservation notes payable for renovation of school facilities to conserve energy. The notes mature in December 2018.

General obligation bonds and notes payable will be paid from the debt service fund. Compensated absences will be paid from the general fund and the food service and costs for outside entities enterprise funds.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest/ Accretion
2012	\$ 0	\$ 904,490	\$ 854,814	\$ 1,690,188	\$ 854,814	\$ 2,594,678
2013	0	904,490	798,127	1,786,873	798,127	2,691,363
2014	230,000	900,408	631,705	1,723,295	861,705	2,623,703
2015	2,865,000	786,816	0	0	2,865,000	786,816
2016	3,000,000	552,518	0	0	3,000,000	552,518
2017 - 2019	3,640,002	391,753	1,955,000	1,015,000	5,595,002	1,406,753
Totals	<u>\$ 9,735,002</u>	<u>\$ 4,440,475</u>	<u>\$ 4,239,646</u>	<u>\$ 6,215,356</u>	<u>\$ 13,974,648</u>	<u>\$ 10,655,831</u>

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

Principal and interest requirements to retire notes payable at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Energy Conservation Notes	
	Principal	Interest
2012	\$ 162,000	\$ 44,361
2013	167,000	39,034
2014	172,000	33,546
2015	178,000	27,880
2016	184,000	22,019
2017 - 2019	588,000	28,948
Totals	\$ 1,451,000	\$ 195,788

**Note 15 - Interfund Transfers**

Transfers for the year ended June 30, 2011 consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 74,843	\$ 280,500
Debt Service Fund	205,500	0
Other Governmental Funds	75,000	74,843
	\$ 355,343	\$ 355,343

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

General fund made transfers to the debt service fund to cover debt service payments and to the EMIS fund to cover operating costs. The balance of the opportunity school fund was transferred to general fund when it took over operation of the school.

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 16 - Interfund Balances**

Interfund balances at June 30, 2011 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 423,825	\$ 0
Nonmajor Governmental Funds	0	67,425
Internal Service Fund	0	1,400
Nonmajor Enterprise Funds	0	355,000
	\$ 423,825	\$ 423,825

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2011, all interfund payables outstanding are anticipated to be repaid by fiscal year 2012.

**Note 17 - Jointly Governed Organization**

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 21 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based on per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Tri-County Education Services Center, which serves as fiscal agent, located at 741 Winkler Drive, Wooster, Ohio, 44691. During the fiscal year ended June 30, 2011 the School District paid \$154,338 for basic service charges.

**Note 18 - Contingencies**

The School District received financial assistance from federal and state 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 adverse effect on the overall financial position of the School District at June 30, 2011.

**Wooster City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2011*

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**Note 19 - Set-Asides**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for 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.

	Capital Improvement Reserve	Textbook Instructional Materials Reserve
Set Aside Restricted Balance June 30, 2010	\$ 0	\$ 0
Current Year Set-Aside Requirement	529,322	529,322
Contributions in Excess of the Current Fiscal Year		
Set Aside Requirement	0	0
Current Year Qualifying Expenditures	(1,147,379)	(900,431)
Excess Qualified Expenditures from Prior Years	0	(931,556)
Current Year Offsets	0	0
Waiver Granted by the Department of Education	0	0
Prior Year Offset from Bond Proceeds	0	0
Total	<u>\$ (618,057)</u>	<u>\$ (1,302,665)</u>
Balance Carried Forward to Fiscal Year 2012	<u>\$ 0</u>	<u>\$ 0</u>
Set Aside Restricted Balance June 30, 2012	<u>\$ 0</u>	<u>\$ 0</u>

The School District had qualifying disbursements during the year that reduced the textbook and capital improvement reserve set-asides below zero. Effective July 1, 2011, textbook set-aside laws have been repealed.

**WOOSTER CITY SCHOOL DISTRICT**  
Schedule of Federal Award Expenditures  
For The Fiscal Year Ended June 30, 2011

Federal Grantor/Pass Trough Grantor Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements
<b>U. S. DEPARTMENT OF EDUCATION</b>				
<i>(Passed Through Ohio Department Of Education):</i>				
Title I Delinquent	84.010	CI-SD-11	\$ 62,646	\$ 63,618
Title I Delinquent	84.010	CI-SD-10	-	4,378
Title I Regular	84.010	CI-SR-11	723,964	707,018
Title I Regular	84.010	CI-SR-10	110,058	112,862
Title I Part A Stimulus	84.389	FY11	232,532	219,444
Title I Part A Stimulus	84.389	FY10	83,585	30,583
Title I Delinquent Stimulus	84.389	FY11	43,376	45,225
Total Title I			1,256,161	1,183,128
Title IV-A Safe & Drug Free	84.186	DR-SI-11	1,121	1,118
Title IV-A Safe & Drug Free	84.186	DR-SI-10	3	113
Total IV-A Safe & Drug Free			1,124	1,231
Part B-IDEA Special Education	84.027	6B-SF-11	874,111	869,528
Part B-IDEA Special Education	84.027	6B-SF-10	-	18,665
Part B-IDEA Part B Stimulus	84.391	FY11	420,040	418,814
Part B-IDEA Part B Stimulus	84.391	FY10	71,393	58,810
Total IDEA-B			1,365,544	1,365,817
Title II-D Technology	84.318	TJ-SI-11	2,745	3,224
Title II-D Technology	84.318	TJ-SI-10	1,515	1,770
Total Title II-D			4,260	4,994
Title II-A	84.367	TR-SI-11	141,228	137,894
Title II-A	84.367	TR-SI-10	13,794	12,445
Total Title II-A Technology			155,022	150,339
State Fiscal Stabilization Fund	84.394	FY11	577,259	577,259
<b>TOTAL U. S. DEPARTMENT OF EDUCATION</b>			<b>3,359,370</b>	<b>3,282,768</b>
<b>U. S. DEPARTMENT OF AGRICULTURE</b>				
<i>(Passed Through Ohio Department Of Education):</i>				
<u>Child Nutrition Cluster:</u>				
Cash Assistance				
School Breakfast Program	10.553	05PU-10/11	165,449	165,449
National School Lunch Program	10.555	LLP4-10/11	686,177	686,177
Summer Food Service for Children	10.559	24PU-11	52,818	52,818
Non-Cash Assistance: Direct Program				
National School Lunch Program - see Note 2	10.555	na	101,625	101,625
Total Nutrition Cluster			1,006,069	1,006,069
School Nutrition Mini Grant	10.574	na	2,300	2,300
Fruit & Vegetable	10.582	FFVP-09/10	2,180	2,180
<b>TOTAL U. S. DEPARTMENT OF AGRICULTURE</b>			<b>1,010,549</b>	<b>1,010,549</b>
<b>U. S. ENVIRONMENTAL PROTECTION AGENCY</b>				
<i>(Passed Through Ohio Environmental Protection Agency):</i>				
State Clean Diesel Grant	66.040	FY11	44,165	44,165
<b>TOTAL U. S. ENVIRONMENTAL PROTECTION AGENCY</b>			<b>44,165</b>	<b>44,165</b>
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>(Passed Through Wayne County Department of Jobs and Family Services):</i>				
TANF Title XX -At Risk Youth	93.558	FY11	149,995	170,926
TANF Title XX -At Risk Youth	93.558	FY10	32,501	-
<b>TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>182,496</b>	<b>170,926</b>
<b>TOTAL FEDERAL RECEIPTS AND EXPENDITURES</b>			<b>\$ 4,596,580</b>	<b>\$ 4,508,408</b>

See Notes to the Schedule of Federal Award Expenditures

**WOOSTER CITY SCHOOL DISTRICT**  
**Wayne County, Ohio**  
**Notes to the Schedule of Federal Award Expenditures**  
**For the Year Ended June 30, 2011**

**1. Significant Accounting Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

**2. Food Distribution**

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2011, the District had food commodities in inventory.

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

Wooster City School District  
Wayne County  
144 North Market Street  
Wooster, OH 44691

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 the Wooster City School District, (District), Wayne County, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2011, wherein we noted the District implemented Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and timely corrected.

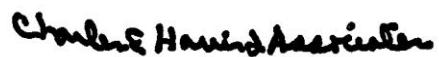
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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



### 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

A handwritten signature in black ink that reads "Charles E. Harris".

**Charles E. Harris and Associates, Inc.**

December 23, 2011

Rockefeller Building  
614 W Superior Ave Ste 1242  
Cleveland OH 44113-1306  
Office phone - (216) 575-1630  
Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Wooster City School District  
Wayne County  
144 North Market Street  
Wooster, OH 44691

To the Board of Education:

**Compliance**

We have audited the Wooster City School District, Wayne County, Ohio's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the Wooster City School District, Ohio complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

Management of the Wooster City School District, Ohio, 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 internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with *OMB Circular A-133*, 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 internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

*Charles Harris Associates*

**CHARLES E. HARRIS & ASSOCIATES, INC.**

December 23, 2011

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY  
June 30, 2011**

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

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Title I - CFDA 84.010 Title I -ARRA - CFDA 84.389 IDEA-B - CFDA 84.027 IDEA-B - ARRA - CFDA 84.391 SFSF-ARRA - CFDA 84.394 Nutrition Cluster - CFDA 10.553, 10.555, 10.559
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY  
JUNE 30, 2011**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

The prior audit report, for the year ending June 30, 2010, reported no material citations or recommendations.

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Fax - (216) 436-2411

***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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**Independent Accountants' Report on Applying Agreed-Upon Procedure**

**Wooster City School District  
Wayne County  
144 North Market Street  
Wooster, OH 44691**

**To the Board of Education:**

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

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

**We noted the Board of Education amended its anti-harassment policy at its meeting on October 26, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.**

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

**This report is intended solely for the information and use of the Board of Education and is not intended to be and should not be used by anyone other than these specified parties.**



**Charles E. Harris & Associates, Inc.**  
**December 23, 2011**



# Dave Yost • Auditor of State

**WOOSTER CITY SCHOOL DISTRICT**

**WAYNE 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  
FEBRUARY 16, 2012**