



Dave Yost • Auditor of State

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Wayne County Schools Career Center
Wayne County
518 W. Prospect Street
Smithville, Ohio 44677

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County Schools Career Center, 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County Schools Career Center, Wayne County, Ohio, as of June 30, 2011, and the respective changes in financial position 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

As further described Note 21 to the basic financial statements, the District restated its July 1, 2010 governmental fund balances due to changes in fund structure as result of implementing Governmental Accounting Standards Board (GASB) Statement 54.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis, as listed in the Table of Contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential 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 other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This Schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

February 15, 2012

Wayne County Schools Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

The discussion and analysis of the Wayne County Schools Career Center's ("School District") 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 the financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- ❑ General Revenues accounted for \$10,690,453 in revenue or 63% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions, and interest accounted for \$6,233,440 or 37% of total revenues of \$16,923,893.
- ❑ Total program expenses were \$15,176,251.
- ❑ Net assets of governmental activities increased \$1,747,642 from 2010.
- ❑ Net capital assets increased \$9,870,277 from 2010.
- ❑ School District has ongoing Ohio School Facilities Commission project of classroom renovations.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Wayne County Schools Career Center as a whole, or complete operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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 Wayne County Schools Career Center, the general fund, the permanent improvement fund, and the classroom facilities fund are by far the most significant of the major funds.

Wayne County Schools Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

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, "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 classified into governmental activities. All of the School District's programs and services are reported here, including: instruction, support services, operation of food service and community services.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. 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, permanent improvement fund and classroom facilities 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.

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 13.

Wayne County Schools Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

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 19.

The School District as a Whole

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

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

(Table 1)
Net Assets

	Government Activities	
	2011	2010
Current and other assets	\$ 20,498,734	\$ 30,887,785
Capital assets, net	28,628,661	18,758,384
Total assets	49,127,395	49,646,169
Other liabilities	6,904,936	8,283,246
Long-term liabilities	8,133,641	9,021,747
Total liabilities	15,038,577	17,304,993
Invested in capital assets, net of related debt	22,644,068	16,034,923
Restricted	6,352,951	11,366,109
Unrestricted	5,091,799	4,940,144
Total liabilities	\$ 34,088,818	\$ 32,341,176

Assets decreased by \$518,774 and liabilities decreased \$2,266,416 resulting in an increase in net assets of \$1,747,642. The most significant factors causing the overall increase in total assets was due to the decrease in the Ohio School Facilities Commission grant receivable. These monies came in during the fiscal year, coupled with cash on hand from a prior year certificate of participation issuance, was used to renovate the school facilities, resulting in the increase in capital assets. The decrease in current liabilities was the result of a decrease in contracts payable, resulting from timing differences in the Ohio School Facilities Commission project work and payments made to contractors. Payment on the capital lease resulted in a decrease in long-term liabilities.

Wayne County Schools Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

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

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2011	2010
Revenues		
Program Revenues:		
Charges for Services	\$ 1,839,249	\$ 1,602,977
Operating Grants	4,189,124	4,393,230
Capital Grants	205,067	234,970
General Revenues:		
Property Taxes	5,550,038	5,301,170
Grants and Entitlements	5,118,003	4,984,585
Investment Earnings	20,365	12,807
Miscellaneous	2,047	3,554
Total Revenues	16,923,893	16,533,293
Program Expenses:		
Instruction	8,717,040	9,541,133
Support Services:		
Pupils	672,883	582,804
Instructional Staff	1,923,772	1,568,136
Board of Education	55,289	52,827
Administration	804,905	868,184
Fiscal Services	464,830	471,798
Operation and Maintenance of Plant	1,205,890	1,048,170
Pupil Transportation	51,658	58,893
Central	118,225	102,890
Operation of Non-Instructional Services:		
Operation of Food Service	238,544	238,921
Community Services	586,541	484,574
Interest and Fiscal Charges	336,674	349,549
Total Expenses	15,176,251	15,367,879
Change in Net Assets	1,747,642	1,165,414
Net Assets Beginning of Year	32,341,176	31,175,762
Nets Assets End of Year	\$ 34,088,818	\$ 32,341,176

Revenue increased by \$390,600 or 2% over fiscal year 2010. This increase can be attributed to the increase of revenue related to a slight increase in taxes and charges for services. Expenses decreased by \$191,628 or 1% over fiscal year 2010, no significant reason for this decrease.

Wayne County Schools Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

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 \$16,923,893 and expenditures of \$15,176,251.

(Table 3)
 Governmental Activities

	2011		2010	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 8,717,040	\$ 4,014,661	\$ 9,541,133	\$ 4,695,882
Support Services:				
Pupils and Instructional Staff	2,596,655	2,099,733	2,150,940	1,832,041
Board of Education, Administration, and Fiscal	1,325,024	1,130,803	1,392,809	1,194,708
Operation and Maintenance of Plant	1,205,890	1,195,044	1,048,170	1,007,131
Pupil Transportation and Central	169,883	148,357	161,783	54,378
Operation of Non-Instructional Services:				
Operation of Food Service	238,544	12,761	238,921	(1,205)
Community Services	586,541	4,778	484,574	4,218
Interest and Fiscal Charges	336,674	336,674	349,549	349,549
Total Expenses	<u>\$ 15,176,251</u>	<u>\$ 8,942,811</u>	<u>\$ 15,367,879</u>	<u>\$ 9,136,702</u>

Total net cost of service for 2011 decreased 2% over 2010. No significant increase or decrease was noted. Instruction and student support services comprise 83% of governmental program expenses.

The reliance of local tax and other general revenues for governmental activities is crucial. General revenues totaled \$10,690,453 which is approximately 63% of total revenues. The most significant portion of general revenues is property taxes which are 33% of total revenues, 30% is from grants and entitlements not restricted to specific programs with investment and other miscellaneous revenues supporting the remaining activity costs. The remaining amount of revenue received was in the form of program revenues, which equaled \$6,233,440 or 37% of total revenue.

While community support of the School District is crucial to the operation of the School District, Grants and Entitlements provide a greater percentage of revenue for governmental activities. The greatest amount generated by Grants and Entitlements is income from the School Foundation Program. Foundation income is determined by the number of students attending the School District.

Wayne County Schools Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

School District's Funds

Information regarding the School District's major funds can be found in the Notes to the Basic Financial Statements, Summary of Significant Accounting Policies. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$21,709,791 and expenditures and other financing uses of \$26,139,635.

The net increase in fund balance in the general fund was \$872,638. The increase was primarily due to increases in various revenue sources.

The net decrease in fund balance in the permanent improvement fund was \$103,280. The decrease was primarily due to transferring the local shared monies for the Ohio School Facilities Commission project.

The net decrease in fund balance in the classroom facilities was \$5,410,158. The decrease was primarily due to the increase of payments of capital outlay for construction of a new school building, using funds on hand from the issuance of debt in a prior year.

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, there were minor changes to the School District general fund budget. The School District bases its budgets according to needs of programs and functions. Supervisors of departments are responsible to oversee budgets and control spending. This provides for flexibility in spending between programs each school year.

For the general fund, actual revenue and other financing sources of \$11,711,540, were greater than final budget estimates of \$11,385,000. Of the \$326,540, increase, most was attributable to the slight increase in taxes and grant monies.

Final appropriations of \$11,970,252 were \$826,116, greater than actual expenditures of the \$11,144,136. This net positive variance was mainly the result of spending less than estimated in salaries and benefits. Employees retiring or resigning were replaced with employees earning less and, in some cases, positions were not filled.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$28,628,661 invested in land and land improvements, buildings and building improvements, furniture, equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2011 balances compared with 2010. See Note 8 for additional information on capital assets.

Wayne County Schools Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

(Table 4)
 Capital Assets, Net of Depreciation

	Governmental Activities	
	2011	2010
Land	\$ 1,913,892	\$ 1,873,766
Construction in Progress	23,559,301	13,511,097
Land Improvements	25,566	30,215
Building and Improvements	2,555,285	2,696,396
Furniture and Fixtures	555,696	620,420
Vehicles	18,921	26,490
Total	\$ 28,628,661	\$ 18,758,384

The \$9,870,277 increase in capital assets can be attributed to the construction costs associated with the Ohio School Facilities Commission Project.

Debt

At June 30, 2011, the School District had \$7,355,000 in debt outstanding. During fiscal year 2009, a Certificate of Participation was issued totaling \$9,120,000. The Certificate of Participation was issued for the local share for classroom renovations. During fiscal year 2011 a payment of \$895,000 was made on the debt. \$930,000 is due within one year. See Note 10 for additional information on outstanding long-term obligations of the School District.

School District Outlook

The Wayne County Schools Career Center continues to have a positive financial outlook and will for the next few years unless changes in state and federal laws decreases income. The State of Ohio has not determined how to fund career – technical education under the new school funding guidelines approved in the State's 2012/13 Budget. For FY12, the district will be flat funded at the same amount as FY11. There may be some adjustments to this amount for open enrollment students and associate school services which may decrease income slightly. For FY13, a new school funding model will be put in place; at this time it is not known how this will affect career and technical funding.

As with any school district, the financial future of the School District is not without its challenges. To begin the FY12 School Year, the School District made approximately \$230,000 in cuts to salaries and benefits through the following:

- a. Beginning in FY12, the School Nurse, Grads, and one Special Education Instructor salaries and benefits were moved to the Tri County ESC. These costs will now be carried under Purchased Services, further reducing salary and benefit costs for FY12 and future years.
- b. In FY12, one Career and Technical instructor retired and was not replaced with a full time instructor.
- c. Two satellite programs were discontinued with one instructor accepting a position with another school district and the other instructor assuming a position with the career center.

Wayne County Schools Career Center
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011

- d. Negotiations were completed on a three year contract with the Certificated and Classified Staff. Due to economic conditions and possible state cuts, it was agreed that step increases would be provided without increases to the base salary.

Our Adult Education Fund has the same challenges with increases in expenditures while the State has decreased funding due to budget problems.

The voters of Wayne County did pass a .75 Mill Ten Year Levy in FY07 to fund the OSFC Renovation Project. The levy will generate approximately \$1,526,000 in tax revenue per year and will be used to fund the local match of the \$30,000,000 plus renovation project.

The community opinion of the School District is very strong and property taxpayers are willing to support its operation. However, the School District covers all of Wayne County and parts of four other counties with a voter base of over 60,000 voters. To convince a majority of these voters to support a new operating levy will take much work and the School District as a whole must continue to produce a solid education for all of its students, high school and adult.

The financial outlook for the School District is best summarized in the last paragraph of the Assumptions to the Five Year Forecast:

We believe that good management of our resources has allowed the school district to build a carry over in the General Fund of \$5,893,453 unencumbered balance at the end of FY11 without a new operating levy since 1987. Management will continue to carefully monitor funds available and spending to provide outstanding opportunities for our students while keeping costs within approved appropriations. Deficit spending is forecasted to begin in the FY13 School Year and an operating levy may be needed prior to the FY17 School Year to avoid a deficit cash balance. However, if indeed a new levy is needed prior to this time; it will be due to a revenue problem caused by reduced state and federal funding plus loss of Tangible Personal Property Tax and reimbursements rather than a spending problem.

This Five Year Forecast does not include new monies or additional expenditures due to the OSFC Project. Proceeds from the November 2007 .75 mill levy and expenditures will be separate from the General Fund and accounted for in the Permanent Improvement Fund.

Contacting the 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 District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jeffrey T. Slutz, Treasurer of Wayne County Schools Career Center, 518 West Prospect St., Smithville, Ohio 44677. Or e-mail at jslutz@wscsc.org.

Wayne County Schools Career Center
Statement of Net Assets
June 30, 2011

	Governmental Activities
ASSETS:	
Equity in Pooled Cash and Investments	\$ 14,288,994
Accounts Receivable	275,031
Intergovernmental Receivable	378,502
Taxes Receivable	5,556,207
Non-Depreciable Capital Assets	25,473,193
Depreciable Capital Assets, net	3,155,468
<i>Total Assets</i>	49,127,395
LIABILITIES:	
Accounts Payable	165,199
Contracts Payable	650,635
Accrued Wages and Benefits	822,544
Intergovernmental Payable	197,555
Accrued Vacation Leave Payable	76,501
Matured Compensated Absences Payable	15,078
Accrued Interest Payable	40,082
Deferred Revenue	4,937,342
Long-Term Liabilities:	
Due Within One Year	1,003,788
Due in More Than One Year	7,129,853
<i>Total Liabilities</i>	15,038,577
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	22,644,068
Restricted for Capital Outlay	5,453,900
Restricted for Other Purposes	899,051
Unrestricted	5,091,799
<i>Total Net Assets</i>	\$ 34,088,818

See accompanying notes to the basic financial statements.

Wayne County Schools Career Center
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	<u>Program Revenues</u>				Net (Expense) Revenue and Changes in Net Assets
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants, Contributions and Interest</u>	<u>Capital Grants, Contributions and Interest</u>	<u>Governmental Activities</u>
Governmental Activities:					
Instruction:					
Regular	\$ 1,845,031	\$ 63,395	\$ 71,483	\$ 0	\$ (1,710,153)
Special	1,376	0	522,707	0	521,331
Vocational	6,771,093	1,675,202	2,140,075	0	(2,955,816)
Adult/Continuing	99,540	0	229,517	0	129,977
Support Services:					
Pupils	672,883	0	323,755	0	(349,128)
Instructional Staff	1,923,772	7,948	165,219	0	(1,750,605)
Board of Education	55,289	0	0	0	(55,289)
Administration	804,905	0	0	0	(804,905)
Fiscal	464,830	0	0	194,221	(270,609)
Operation and Maintenance of Plant	1,205,890	0	0	10,846	(1,195,044)
Pupil Transportation	51,658	0	0	0	(51,658)
Central	118,225	0	21,526	0	(96,699)
Operation of Non-Instructional Services:					
Food Service Operations	238,544	92,704	133,079	0	(12,761)
Community Services	586,541	0	581,763	0	(4,778)
Interest and Fiscal Charges	336,674	0	0	0	(336,674)
<i>Total Governmental Activities</i>	<u>\$ 15,176,251</u>	<u>\$ 1,839,249</u>	<u>\$ 4,189,124</u>	<u>\$ 205,067</u>	<u>(8,942,811)</u>
General Revenues:					
Property Taxes, Levied for:					
General Purposes					4,160,166
Other Purposes					290,716
Capital Projects					1,099,156
Grants and Entitlements not Restricted to Specific Programs					5,118,003
Investment Earnings					20,365
Miscellaneous					2,047
<i>Total General Revenues</i>					<u>10,690,453</u>
<i>Change in Net Assets</i>					1,747,642
<i>Net Assets Beginning of Year</i>					32,341,176
<i>Net Assets End of Year</i>					<u>\$ 34,088,818</u>

See accompanying notes to the basic financial statements.

Wayne County Schools Career Center
Balance Sheet
Governmental Funds
June 30, 2011

	<u>General</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:					
Equity in Pooled Cash and Investments	\$ 6,331,907	\$ 1,720,289	\$ 3,822,608	\$ 2,414,190	\$ 14,288,994
Accounts Receivable	18,348	0	0	256,683	275,031
Interfund Receivable	81,299	0	0	0	81,299
Intergovernmental Receivable	0	0	301,628	76,874	378,502
Taxes Receivable	4,164,048	1,392,159	0	0	5,556,207
<i>Total Assets</i>	<u>\$ 10,595,602</u>	<u>\$ 3,112,448</u>	<u>\$ 4,124,236</u>	<u>\$ 2,747,747</u>	<u>\$ 20,580,033</u>
LIABILITIES:					
Accounts Payable	\$ 146,884	\$ 0	\$ 0	\$ 18,315	\$ 165,199
Contracts Payable	0	0	609,635	41,000	650,635
Accrued Wages and Benefits	703,482	0	0	119,062	822,544
Interfund Payable	0	0	0	81,299	81,299
Intergovernmental Payable	168,209	0	0	29,346	197,555
Matured Compensated Absences Payable	15,078	0	0	0	15,078
Deferred Revenue	3,875,972	1,289,435	216,041	210,544	5,591,992
<i>Total Liabilities</i>	<u>4,909,625</u>	<u>1,289,435</u>	<u>825,676</u>	<u>499,566</u>	<u>7,524,302</u>
FUND BALANCES:					
Restricted	0	1,823,013	3,298,560	2,309,695	7,431,268
Assigned	582,603	0	0	0	582,603
Unassigned	5,103,374	0	0	(61,514)	5,041,860
<i>Total Fund Balances</i>	<u>5,685,977</u>	<u>1,823,013</u>	<u>3,298,560</u>	<u>2,248,181</u>	<u>13,055,731</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 10,595,602</u>	<u>\$ 3,112,448</u>	<u>\$ 4,124,236</u>	<u>\$ 2,747,747</u>	<u>\$ 20,580,033</u>

See accompanying notes to the basic financial statements.

Wayne County Schools Career Center
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2011*

Total Governmental Fund Balances		\$ 13,055,731
 <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.		28,628,661
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 76,874	
Accounts Receivable	17,425	
Adult Education	133,670	
Ohio School Facilities Grant	216,041	
Delinquent Property Taxes	210,640	654,650
 In the statement of activities interest expense is accrued when incurred, whereas in governmental funds and interest expenditure is reported when due.		 (40,082)
 Long-term liabilities, including certificate of participation, are not due and payable in the current period and therefore, are not reported in the funds.		
Certificate of Participation	(7,355,000)	
Compensated Absences	(778,641)	
Vacations Payable	(76,501)	(8,210,142)
 Net Assets of Governmental Activities		 \$ 34,088,818

See accompanying notes to the basic financial statements.

Wayne County Schools Career Center
Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2011

	<u>General</u>	<u>Permanent Improvement</u>	<u>Classroom Facilities</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Property and Other Local Taxes	\$ 4,175,418	\$ 1,104,117	\$ 0	\$ 290,716	\$ 5,570,251
Intergovernmental	7,374,578	192,543	4,576,754	2,022,701	14,166,576
Interest	20,365	1,678	10,846	117	33,006
Tuition and Fees	112,033	0	0	1,034,735	1,146,768
Gifts and Donations	134,182	0	0	0	134,182
Customer Sales and Services	100,901	0	675	244,894	346,470
Miscellaneous	2,165	0	0	1	2,166
<i>Total Revenues</i>	<u>11,919,642</u>	<u>1,298,338</u>	<u>4,588,275</u>	<u>3,593,164</u>	<u>21,399,419</u>
EXPENDITURES:					
Current:					
Instruction:					
Regular	1,632,936	0	0	185,050	1,817,986
Special	1,376	0	0	0	1,376
Vocational	5,335,990	0	0	1,283,223	6,619,213
Adult/Continuing	24,193	0	0	122,813	147,006
Support Services:					
Pupils	447,012	0	0	165,897	612,909
Instructional Staff	1,439,264	0	0	476,587	1,915,851
Board of Education	55,289	0	0	0	55,289
Administration	741,131	0	0	24,380	765,511
Fiscal	419,892	28,725	0	775	449,392
Operation and Maintenance of Plant	762,866	0	0	195,147	958,013
Pupil Transportation	21,359	0	0	22,730	44,089
Central	0	0	0	93,404	93,404
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	219,105	219,105
Community Services	939	0	0	603,696	604,635
Capital Outlay	0	1,584	9,998,433	299,773	10,299,790
Debt Service:					
Principal	0	895,000	0	0	895,000
Interest and Fiscal Charges	0	330,694	0	0	330,694
<i>Total Expenditures</i>	<u>10,882,247</u>	<u>1,256,003</u>	<u>9,998,433</u>	<u>3,692,580</u>	<u>25,829,263</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	1,037,395	42,335	(5,410,158)	(99,416)	(4,429,844)
OTHER FINANCING SOURCES AND (USES):					
Transfers In	0	0	0	310,372	310,372
Transfers Out	(164,757)	(145,615)	0	0	(310,372)
<i>Total Other Financing Sources and (Uses)</i>	<u>(164,757)</u>	<u>(145,615)</u>	<u>0</u>	<u>310,372</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	872,638	(103,280)	(5,410,158)	210,956	(4,429,844)
<i>Fund Balance at Beginning of Year (Restated-See Note 21)</i>	4,813,339	1,926,293	8,708,718	2,037,225	17,485,575
<i>Fund Balance at End of Year</i>	<u>\$ 5,685,977</u>	<u>\$ 1,823,013</u>	<u>\$ 3,298,560</u>	<u>\$ 2,248,181</u>	<u>\$ 13,055,731</u>

See accompanying notes to the basic financial statements.

Wayne County Schools Career Center
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		\$ (4,429,844)
 <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. The amount by which capital asset additions exceeded depreciation in the current period.		
Capital Asset Additions	\$ 10,136,940	
Current Year Depreciation	<u>(248,830)</u>	9,888,110
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(17,833)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	(6,639)	
Ohio School Facilities Grant	(4,576,754)	
Accounts Receivable	17,425	
Adult Education	87,801	
Delinquent Property Taxes	<u>(20,249)</u>	(4,498,416)
In the statement of activities interest expense is accrued when incurred, whereas in governmental funds and interest expenditure is reported when due.		
		(5,980)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Certificate of Participation		895,000
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Compensated Absences	(6,894)	
Vacations Payable	<u>(76,501)</u>	<u>(83,395)</u>
Change in Net Assets of Governmental Activities		<u>\$ 1,747,642</u>

See accompanying notes to the basic financial statements.

Wayne County Schools Career Center
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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget- Positive (Negative)
REVENUES:				
Property and Other Local Taxes	\$ 4,065,000	\$ 4,065,000	\$ 4,161,533	\$ 96,533
Intergovernmental	7,250,000	7,250,000	7,372,578	122,578
Interest	15,000	15,000	21,881	6,881
Gifts and Donations	0	0	2,751	2,751
Customer Sales and Services	35,000	35,000	29,923	(5,077)
Total Revenues	<u>11,365,000</u>	<u>11,365,000</u>	<u>11,588,666</u>	<u>223,666</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	1,642,726	1,667,726	1,631,248	36,478
Vocational	5,923,349	5,674,350	5,376,766	297,584
Support Services:				
Pupils	475,863	484,863	448,273	36,590
Instructional Staff	1,188,693	1,373,692	1,340,777	32,915
Board of Education	59,128	65,178	56,903	8,275
Administration	964,830	915,829	779,063	136,766
Fiscal	448,725	453,175	433,505	19,670
Operation and Maintenance of Plant	1,025,438	943,939	812,524	131,415
Pupil Transportation	31,500	31,500	19,021	12,479
Total Expenditures	<u>11,760,252</u>	<u>11,610,252</u>	<u>10,898,080</u>	<u>712,172</u>
Excess of Revenues Over (Under) Expenditures	(395,252)	(245,252)	690,586	935,838
OTHER FINANCING SOURCES AND (USES):				
Advances In	20,000	20,000	122,874	102,874
Advances Out	(20,000)	(170,000)	(81,299)	88,701
Transfers Out	(190,000)	(190,000)	(164,757)	25,243
Total Other Financing Sources and (Uses)	<u>(190,000)</u>	<u>(340,000)</u>	<u>(123,182)</u>	<u>216,818</u>
Net Change in Fund Balances	(585,252)	(585,252)	567,404	1,152,656
Fund Balance (Deficit) at Beginning of Year (Restated-See Note 21)	4,567,808	4,567,808	4,567,808	0
Prior Year Encumbrances Appropriated	467,752	467,752	467,752	0
Fund Balance (Deficit) at End of Year	<u>\$ 4,450,308</u>	<u>\$ 4,450,308</u>	<u>\$ 5,602,964</u>	<u>\$ 1,152,656</u>

See accompany notes to the basic financial statements.

Wayne County Schools Career Center
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2011

	<u>Agency Fund</u>
ASSETS:	
Equity in Pooled Cash and Investments	\$ 144,912
<i>Total Assets</i>	<u>\$ 144,912</u>
LIABILITIES:	
Accounts Payable	\$ 7,621
Undistributed Monies	25,559
Due to Students	111,732
<i>Total Liabilities</i>	<u>\$ 144,912</u>

See accompanying notes to the basic financial statements.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

The Wayne County Schools Career Center (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 an appointed thirteen-member Board of Education and provides educational services as mandated by state and/or federal agencies. The Board controls one instructional/support facility staffed by 32 noncertificated employees, 97 full-time teaching personnel and seven administrators who provide services to 813 students and other community members.

The School District provides more than instruction to its students. These additional services include student guidance, extracurricular, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These School District operations will be included as part of the reporting entity.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits, of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, the levying of taxes or the financial statements would be misleading if data from the component unit were not included. The School District has no component units.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Wayne County Joint Vocational School District applies generally accepted accounting principles (GAAP) that were issued prior to November 30, 1989 by the Financial Accounting Standards Board (FASB) to its governmental funds provided they not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. The more significant of the School District’s accounting policies are shown below.

Basis of Presentation

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

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 effect of interfund activity, within governmental type activities has been removed from these statements.

The statement of net assets presents the financial condition of the governmental 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. 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 restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the 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 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 fund type.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental and fiduciary.

Governmental Funds

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

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

Permanent Improvement – The permanent improvement fund is used to account for all transactions related to the acquiring, constructing, or improving major capital facilities.

Classroom Facilities – The classroom facilities fund is used to account for monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The School District's fiduciary fund category consists of only one classification: the agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and 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 balance reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary funds are reported using the economic resources management and are excluded from the government-wide financial statements.

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. The fiduciary funds use the accrual basis of accounting. Differences in the accrual and 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 – Exchanges 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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year end.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Nonexchange transactions, in which the School District receives value without directly giving equal in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, tuition fees, customer sales and service, investment earnings and grants and entitlements.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2011, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements and accounts receivable 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.

Expenditures/Expenses

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 fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the “operating grants, contributions and interest” program revenue account.

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

Budgetary Process

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 sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control is at the broad object level for the general fund and at the fund level for all other funds. Any budgetary modifications at the legal level of budgetary control may only be made by resolution of the Board of Education.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 issued during fiscal year 2011.

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 represent the final appropriation amounts passed by the Board during the year.

Lapsing of Appropriations

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

Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all 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 investments" on the financial statements.

During fiscal year 2011, investments were limited to repurchase agreements and certificates of deposit.

Nonparticipating investment contracts such as overnight repurchase agreements and non-negotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue has been credited to the general fund, permanent improvement fund, classroom facilities, and the food service fund. Interest credited to the general fund during fiscal year 2011 amounted to \$20,365 which includes \$6,243 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments". Investments with an original maturity of more than three months that are not purchased from the pool are reported as "investments".

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, or laws of other governments or by imposing 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 improvements. Restricted assets may also include amounts set aside as a reserve for budget stabilization, which is now optional as determined by the School District. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves. There were no restricted assets in fiscal year 2011.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Capital Assets

The School District's only capital assets are general capital assets. 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 on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions 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 capitalized. All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	15 - 30 years
Buildings and Improvements	30 - 50 years
Furniture and Equipment	3 - 15 years
Vehicles	5 - 15 years

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

Accrued Liabilities and Long Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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 year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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, grantor or laws, or regulations of other governments. Net assets restricted for other purposes primarily include instructional operations, food service operations and adult education.

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

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. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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 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.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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.

Interfund Transactions

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

On fund financial statements, receivables and payables resulting from short-term interfund loans and interfund services provided and used are classified as "interfund receivables/payables." Interfund balances are eliminated in the governmental activities column of the statement of net assets.

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.

Estimates

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

Changes 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 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.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
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NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While 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 Balances-Budget (Non-GAAP Basis) and Actual, presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and the fund financial statements are the following:

1. Revenues and other sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other financing sources are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balances (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

GAAP Basis	\$ 872,638
Net adjustments for revenue accruals	109,744
Net adjustments for expenditure accruals	(264,310)
Funds budgeted elsewhere**	(1,047)
Adjustments for encumbrances	<u>(149,621)</u>
Budget Basis	<u><u>\$ 567,404</u></u>

**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 uniform school supplies, customer services, public school support and termination benefits funds.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
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NOTE 4 – FUND DEFICITS

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

<u>Non-Major Governmental Funds:</u>	Deficit Fund Balance
Career Development	\$ 3,600
Vocational Education	57,872
Improving Teacher Quality	42

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

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts. Interim monies are permitted 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;
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 2% 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;

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Notes to the Basic Financial Statements
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6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the highest rating classifications by at least two nationally recognized rating agencies.

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

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 held to maturity. Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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 (FDIC), 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% of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Cash on Hand

At fiscal year end, the School District had \$275 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and investments".

Deposits

At fiscal year end, the carrying amount of the School District's deposits was \$9,698,631 and the bank balance was \$9,730,280. Of the bank balance:

1. \$2,755,154 was covered by federal depository insurance; and
2. \$6,975,126 was held in collateral pools with no specification for which such funds are held which is considered to be uninsured and uncollateralized. Although all State statutory requirements for the deposit of money has been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
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Investments

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.

Custodial Credit Risk: For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the School District will no longer 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 collateralized by underlying securities pledged by the investment's counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a purchase agreement by 2%. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk: The School District's only investments during the fiscal year were in an overnight repurchase account, with a year end balance of \$4,735,000. The School District's investments in federal agency securities that underlie the School District's repurchase agreement were rated Aaa by Moody's Investor Services. The School District's policy doesn't address credit risk.

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer. During the year, the School District's only investment was in an overnight repurchase account. These investments were secured with pledged collateral, held and in the name of the pledging institution in which the deposit and investments are held.

NOTE 6– 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 (used in business) located in the School District. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010 and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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Tangible personal property tax revenue received during calendar 2011 (other than public utility property) represents 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 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010 on the value as of December 21, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School 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 telecommunication companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 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 calendar years 2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Wayne, Medina, Holmes, Stark and Ashland counties. Stark and Ashland county tax collections are minimal. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are 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 personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at year-end was \$305,502 in the general fund and \$102,723 in the permanent improvement fund and is recognized as revenue on the fund financial statements.

On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

2010 Second Half Collections			
	Residential/ Agricultural	Commercial/ Industrial	Public Utilities
Real Property:			
Wayne County	\$ 1,710,937,660	\$ 393,672,710	\$ 741,520
Holmes County	39,420,210	5,131,580	0
Ashland County	6,494,090	213,900	0
Stark County	62,130	0	0
Medina County	7,804,890	10,017,850	3,240
Grand Total	\$ 1,764,718,980	\$ 409,036,040	\$ 744,760
	78.88%	18.28%	0.03%
	General	Public Utilities	Total Assessed Value
Tangible Personal Property Tax:			
Wayne County	\$ 3,992,426	\$ 57,031,570	\$ 2,166,375,886
Holmes County	24,115	1,087,320	45,663,225
Ashland County	64,990	294,910	7,067,890
Stark County	10	11,390	73,530
Medina County	48,544	395,850	18,270,374
Grand Total	\$ 4,130,085	\$ 58,821,040	\$ 2,237,450,905
	0.18%	2.63%	100.00%
Tax rate per \$1,000 of Assessed Valuation \$	4.85		

2011 First Half Collections			
	Residential/ Agricultural	Commercial/ Industrial	Public Utilities
Real Property:			
Wayne County	\$ 1,721,441,220	\$ 392,913,460	\$ 745,770
Holmes County	41,178,540	5,663,700	0
Ashland County	6,637,540	226,530	0
Stark County	62,050	0	0
Medina County	7,403,240	10,017,850	3,470
Grand Total	\$ 1,776,722,590	\$ 408,821,540	\$ 749,240
	78.99%	18.17%	0.03%
	General	Public Utilities	Total Assessed Value
Tangible Personal Property Tax:			
Wayne County	\$ 2,684,850	\$ 58,409,780	\$ 2,176,195,080
Holmes County	0	1,250,070	48,092,310
Ashland County	30,670	319,830	7,214,570
Stark County	0	12,770	74,820
Medina County	0	550,940	17,975,500
Grand Total	\$ 2,715,520	\$ 60,543,390	\$ 2,249,552,280
	0.12%	2.69%	100.00%
Tax rate per \$1,000 of Assessed Valuation \$	4.85		

Wayne County Schools Career Center
Notes to the Basic Financial Statements
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NOTE 7 – RECEIVABLES

Receivables at June 30, 2011 consisted of taxes, accounts, interfund, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

NOTE 8 – CAPITAL ASSETS

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

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Governmental Activities				
<i>Capital Assets, Not Being Depreciated</i>				
Land	\$ 1,873,766	\$ 40,126	\$ 0	\$ 1,913,892
Construction in Progress	13,511,097	10,048,204	0	23,559,301
<i>Total Capital Assets, Not Being Depreciated</i>	<u>15,384,863</u>	<u>10,088,330</u>	<u>0</u>	<u>25,473,193</u>
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	376,052	0	0	376,052
Buildings and Improvements	7,481,184	0	(54,038)	7,427,146
Furniture and Equipment	2,028,081	48,610	(16,125)	2,060,566
Vehicles	426,595	0	0	426,595
<i>Total Capital Assets, Being Depreciated</i>	<u>10,311,912</u>	<u>48,610</u>	<u>(70,163)</u>	<u>10,290,359</u>
<i>Accumulated Depreciation</i>				
Land Improvements	(345,837)	(4,649)	0	(350,486)
Buildings and Improvements	(4,784,788)	(123,278)	36,205	(4,871,861)
Furniture and Equipment	(1,407,661)	(113,334)	16,125	(1,504,870)
Vehicles	(400,105)	(7,569)	0	(407,674)
<i>Total Accumulated Depreciated</i>	<u>(6,938,391)</u>	<u>(248,830)</u>	<u>52,330</u>	<u>(7,134,891)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>3,373,521</u>	<u>(200,220)</u>	<u>(17,833)</u>	<u>3,155,468</u>
<i>Governmental Activities, Capital Assets, Net</i>	<u>\$ 18,758,384</u>	<u>\$ 9,888,110</u>	<u>\$ (17,833)</u>	<u>\$ 28,628,661</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$ 228,762
Adult Instruction	1,310
Support Services:	
Operations and Maintenance of Plant	10,692
Pupil Transportation	7,569
Operation of Food Services	497
Total Depreciation	<u>\$ 248,830</u>

NOTE 9 – RISK MANAGEMENT

General Insurance

The School District is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of \$2,500 per incident. The School District's vehicle liability insurance policy limit is \$1,000,000 for each occurrence with a \$250 collision deductible. All administrators and employees are covered under a School District liability policy. The limits of this coverage are \$1,000,000 per occurrence and \$3,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Beginning in September, 2011, the School District has joined the Ohio School Plan for Building, Grounds, Liability, and Vehicle Insurance. This will change the comprehensive property and casualty deductible to \$1,000 and the vehicle collision to \$500. The Ohio School Plan has over 200 school districts insured.

Fidelity Bond

The Board President and Superintendent each have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$20,000. All other school employees who are responsible for handling funds are covered by a \$10,000 fidelity bond.

Workers' Compensation

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries.

Employee Health Insurance

The School District is contracted with Stark County Schools Council of Governments (the "Council") to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the School District by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one, and a common premium rate is applied to all member districts.

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board.

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Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an existing school district subsequent to the settlement of all expenses and claims.

NOTE 10 – LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District from July 1, 2010 through June 30, 2011, were as follows:

	Outstanding 7/1/2010	Additions	Deletions	Outstanding 6/30/2011	Due Within One Year
Governmental Type Activities:					
<i>Capital Lease:</i>					
2009 Classroom Facility Project-COP					
4% - 4.75%, 12/09 - 12/19	\$ 8,250,000	\$ 0	\$ 895,000	\$ 7,355,000	\$ 930,000
<i>Total Capital Leases</i>	8,250,000	0	895,000	7,355,000	930,000
<i>Other Long-Term Liabilities</i>					
Compensated Absences Payable	771,747	73,547	66,653	778,641	73,788
<i>Total Other Long-Term Liabilities</i>	771,747	73,547	66,653	778,641	73,788
 Long-Term Liabilities	 \$ 9,021,747	 \$ 73,547	 \$ 961,653	 \$ 8,133,641	 \$ 1,003,788

Compensated absences payable will be paid from the fund from which the employee is paid. The capital lease payments will be paid from the permanent improvement fund.

NOTE 11 – CAPITALIZED LEASE

During fiscal year 2009, the School District entered into a lease-purchase agreement for the classroom renovations to the school. The School District is leasing the project site from Ohio School Building Leasing Corporation. Ohio School Building Leasing Corporation assigned Huntington National Bank as trustee, transferring rights, title and interest in the project to the trustee. The School District is acting as an agent for the lessor, and is renovating the facilities from the proceeds provided by the lessor. As part of the agreement, Huntington National Bank deposited \$9,120,000, with a fiscal agent for the renovation project. Huntington National Bank has sold certificates of participation in the building lease. The School District will make annual lease payments to Huntington National Bank. Interest rates range between 4% and 4.75%. The lease is renewable annually and expires in 2019. The intention of the School District is to renew the lease annually.

As of June 30, 2011, \$7,749,593 of capital assets acquired by lease has been capitalized as construction in progress. Principal payments in fiscal year 2011 totaled \$895,000. Payments will be made on the lease from the permanent improvement fund.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
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The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011:

Fiscal Year Ending June 30,	Long-Term Obligation
2012	\$ 1,224,194
2013	1,221,294
2014	1,221,894
2015	1,220,241
2016	1,220,525
2017-2018	<u>2,429,969</u>
Total	8,538,117
Less: Amount Representing Interest	<u>(1,183,117)</u>
Present Value of Minimum Lease Payment	<u><u>\$ 7,355,000</u></u>

NOTE 12 – INTERFUND BALANCES

The account balances by fund of “interfund receivable” and “interfund payable” as of June 30, 2011 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 81,299	\$ 0
Other Governmental Funds	<u>0</u>	<u>81,299</u>
Total	<u><u>\$ 81,299</u></u>	<u><u>\$ 81,299</u></u>

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 in fiscal year 2012.

The following is a summarized breakdown of the School District’s transfers for fiscal year 2011:

	Transfers In	Transfers Out
General Fund	\$ 0	\$ 164,757
Capital Projects:		
Permanent Improvement	0	145,615
Other Governmental Funds	<u>310,372</u>	<u>0</u>
Total	<u><u>\$ 310,372</u></u>	<u><u>\$ 310,372</u></u>

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.

During the fiscal year, the above transfers were approved as required by the Ohio School Facilities Commission for local funding initiative purposes, the permanent improvement fund transferred \$145,615 to the local funding initiative fund, and the general fund transferred \$164,757 to the Ohio School Facilities Maintenance Fund.

NOTE 13 – PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That 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 under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS’ Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District’s contributions to SERS for the years ended June 30, 2011, 2010, and 2009 were \$220,433, \$244,197, and \$183,724, respectively, 88% has been contributed for fiscal year 2011 and 100% of the contributions have been made for fiscal years 2010 and 2009, \$31,348 represents the unpaid contributions for fiscal year 2011, and is recorded as a liability within the respective funds.

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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds 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.

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A DB or Combined Plan member with five or more years of 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.

Funding Policy - 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 2011, 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 employers.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2011, 2010 and 2009 were \$984,042, \$989,347, and \$843,300, respectively; 88% has been contributed for fiscal year 2011 and 100% for the fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$39,015 made by the School District and \$27,868 made by the plan members.

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.

NOTE 14 – POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Funding Policy - The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). 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 health care allocation was .46% and 4.16%, respectively. The District's contributions for the years ended June 30, 2011, 2010 and 2009 were \$26,691, \$8,790 and \$84,080, respectively; 88% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was .76% of covered payroll and for fiscal years 2010 and 2009, respectively. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$14,185, \$14,522 and \$15,159, respectively; 88% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

B. State Teachers Retirement System

Plan Description – The School District's 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 financial report of STRS Ohio. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Health 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 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 \$75,696, \$76,104 and \$64,869, respectively; 88% has been contributed for fiscal years 2011, 2010 and 2009

NOTE 15 – OTHER EMPLOYEE BENEFITS – COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees on the anniversary of their employment and must be used within the next twelve months. Teachers and administrators do not earn vacation time. All employees of the Board of Education earn sick leave at the rate of one and one-fourth days per month. Upon retirement and with 10 years of service or more at the School District, nonclassified employees shall receive severance payments equal to 25% of accumulated unused sick leave and classified employees shall receive severance payments equal to 30% of accumulated unused sick leave.

The Treasurer and Superintendent earn 25 days of vacation per year and are allowed to cash in up to 15 unused vacation days per year. The Director of Operations and Principal earn 20 days of vacation per year while other administrators and teachers do not earn vacation.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 16 – JOINTLY GOVERNED ORGANIZATION

Midland Council of Governments is a jointly governed organization among twenty-two boards of education. The Council of Governments was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Council of Governments is provided by member fees levied according to the number of students within each member's respective district. The Executive Committee determines and sets the fees for all services. During the year ended June 30, 2011 the School District paid approximately \$48,034 to Midland for basic service charges.

Representation on the Council of Governments consists of one member appointed by each member board of education. The representative shall be the Superintendent, Assistant Superintendent or Treasurer of the member district board of education. The Council of Governments is governed by the Executive Committee who is elected for two year terms except the position of Fiscal Agent Superintendent which is a permanent appointment. The Executive Committee consists of seven members. The members are two Superintendents, two Treasurers, two members-at-large and the Fiscal Agent Superintendent.

NOTE 17 – CONTINGENCIES

Grants

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.

NOTE 18 – 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.

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

	<u>Capital Improvement Reserve</u>	<u>Textbook/ Instructional Materials Reserve</u>
Set-Aside Restricted Balance, June 30, 2010	\$ 0	\$ (2,959,094)
Current Year Set-Aside Requirement	132,160	132,160
Current Year Qualifying Expenditures	<u>(132,160)</u>	<u>(571,024)</u>
Total	<u>\$ 0</u>	<u>\$ (3,397,958)</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 capital improvements and textbook reserve set-asides below zero. Effective July 1, 2011, textbook set-aside laws have been repealed.

NOTE 19 – CONSTRUCTION COMMITMENTS

The following construction commitments at June 30, 2011 will be financed with capital project funds revenues:

	<u>Total Authorized Costs</u>	<u>Expended to June 30, 2011</u>	<u>Balance at June 30, 2011</u>
Renovation Project	<u>\$ 25,831,149</u>	<u>\$ 25,154,533</u>	<u>\$ 676,616</u>

NOTE 20 – FUND BALANCE

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

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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

	General	Permanent Improvements	Classroom Facilities	Other Governmental Funds	Total
Restricted for:					
Capital Outlay	\$ 0	\$ 1,823,013	\$ 3,298,560	\$ 580,773	\$ 5,702,346
Other Purposes:					
Classroom Facilities	0	0	0	895,132	895,132
Adult Education	0	0	0	772,112	772,112
Other Funds				61,678	61,678
Total Restricted	<u>0</u>	<u>1,823,013</u>	<u>3,298,560</u>	<u>2,309,695</u>	<u>7,431,268</u>
Assigned for:					
Encumbrances	149,621	0	0	0	149,621
Other Purposes:					
Uniform School Supplies	205,768	0	0	0	205,768
Public School Support	173,988	0	0	0	173,988
Other Funds	53,226	0	0	0	53,226
Total Assigned	<u>582,603</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>582,603</u>
Unassigned	<u>5,103,374</u>	<u>0</u>	<u>0</u>	<u>(61,514)</u>	<u>5,041,860</u>
Total Fund Balance	<u>\$ 5,685,977</u>	<u>\$ 1,823,013</u>	<u>\$ 3,298,560</u>	<u>\$ 2,248,181</u>	<u>\$ 13,055,731</u>

NOTE 21 – RESTATEMENT OF FUND BALANCE

A. Budget Basis Fund Balances

Fund balances have been restated at July 1, 2010, to account for the reclassification of funds due to implementation of GASB 54. The adjustments had the following effect on cash basis fund balances as previously reported:

	General Fund
Beginning fund balances, June 30, 2010	<u>\$ 4,607,750</u>
Adjustments:	
Fund reclassification	<u>(39,942)</u>
Beginning fund balances, July 1, 2010	<u>\$ 4,567,808</u>

Wayne County Schools Career Center
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

B. Modified Accrual Fund Balances

Fund balances have been restated at July 1, 2010, to account for the reclassification of funds due to implementation of GASB 54. The adjustments had the following effect on governmental modified fund balances as previously reported:

	General Fund	Other Governmental Funds
Beginning fund balances, June 30, 2010	\$ 4,430,788	\$ 2,419,776
Adjustments:		
Fund reclassifications	382,551	(382,551)
Beginning fund balances, July 1, 2010	<u>\$ 4,813,339</u>	<u>\$ 2,037,225</u>

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WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	Program Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Non-Cash Assistance (Food Distribution):						
National School Lunch Program	2011	10.555		\$15,338		\$15,338
Cash Assistance:						
National School Lunch Program	2011	10.555	\$114,591		\$114,591	
Total Child Nutrition Cluster			114,591	15,338	114,591	15,338
Total U.S. Department of Agriculture			114,591	15,338	114,591	15,338
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Direct Program:</i>						
Student Financial Assistance Cluster:						
Pell Grant	N/A	84.063	580,938		580,938	
Supplemental Educational Opportunity Grant	N/A	84.007	6,822		6,822	
Federal Direct Student Loans	N/A	84.268	457,749		457,749	
Total Student Financial Assistance Cluster			1,045,509		1,045,509	
<i>Passed through the Ohio Department of Education:</i>						
Career and Technical Education_Basic Grants to States						
	2010	84.048	52,940		25,003	
	2011		358,416		372,757	
Total Career and Technical Education_Basic Grants to States			411,356		397,760	
Safe and Drug-Free Schools and Communities_State Grants	2010	84.186	1,336		-	
Improving Teacher Quality State Grants	2010	84.367	4,441		1,459	
	2011		5,000		5,043	
Total Improving Teacher Quality State Grants			9,441		6,502	
<i>Passed through the Ohio Board of Regents:</i>						
Adult Education - Basic Grants to States						
	2011	84.002	137,191		137,191	
	2010		13,042		13,042	
Total Adult Education - Basic Grants to States			150,233		150,233	
<i>Passed through the Department of Rehabilitation Services Commission</i>						
Rehabilitation Services_Vocational Rehabilitation Grants to States						
	2011	84.126	10,051		10,051	
Total U.S. Department of Education			1,627,926		1,610,055	
<u>U.S. DEPARTMENT OF LABOR</u>						
<i>Passed through the Ohio Department of Job and Family Services:</i>						
WIA Adult Program						
	2011	17.258	59,275		59,275	
Workers Trade Adjustment Assistance	2011	17.245	44,799		44,799	
Total U.S. Department of Labor			104,074		104,074	
Totals			\$1,846,591	\$15,338	\$1,828,720	\$15,338

The Notes to the Federal Awards Receipts and Expenditures Schedule are an integral part of this schedule.

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Wayne County Schools Career Center's (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

Wayne County Schools Career Center
Wayne County
518 W. Prospect Street
Smithville, Ohio 44677

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 Wayne County Schools Career Center, Wayne County, Ohio (the District) 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 February 15, 2012. We noted governmental fund balances were restated due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 15, 2012.

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, 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 "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 15, 2012



Dave Yost • Auditor of State

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

Wayne County Schools Career Center
Wayne County
518 W. Prospect Street
Smithville, Ohio 44677

To the Board of Education:

Compliance

We have audited the compliance of Wayne County Schools Career Center, Wayne County, Ohio (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, the Wayne County Schools Career Center complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying Schedule of Findings lists this instance as Finding 2011-002.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected.

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. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying Schedule of Findings as item 2011-02. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The District's response to the finding we identified is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the management, the Board of Education, federal awarding agencies and pass-through entities and others within the entity. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

February 15, 2012

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Student Financial Assistance Cluster CFDA #84.063, 84.007, & 84.032 Child Nutrition Cluster CFDA #10.555
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2011-001

MATERIAL WEAKNESS

FINANCIAL REPORTING

As a result of the audit procedures performed, errors were noted in the financial statements that required proposed audit adjustments and reclassifications. The most significant proposed adjustments are as follows:

- The District did not reclassify a transfer, on a GAAP basis, to the Classroom Facilities Maintenance Fund (034) as property tax revenue so the fund could establish a "foundation revenue". A reclassification was made to reduce the Transfers In and increase the Property Tax Revenue in the amount of \$290,716 in the Classroom Facilities Maintenance Fund. Additionally, a reclassification was made in the Permanent Improvement Fund in the amount of \$290,716 to reduce the Property Tax Revenue and reduce the Transfers-Out.
- The District paid two employees salaries out of the Adult Education Fund (012) and then "reimbursed" the Adult Education Fund from the General Fund. The amount was recorded as Charges for Service in the Adult Education Fund and as Purchased Services in the General Fund. The District should have recorded a reduction of expenditure in the Adult Education Fund and as Salary Expense in the General Fund. A reclassification was proposed to record the salary expense in the General Fund and as a reduction of an expenditure in the Adult Education Fund in the amount of \$120,000. The entry to Adult Education Fund was recorded in the financial statements. The entry to the General Fund was determined to be not material and has not been recorded in the financial statements.
- The District receives Federal Direct Loans and Pell Grants for students' indirect living costs. The amounts that were received in July and August of 2011 for indirect costs were not recorded by the District as an Accounts Receivable and Accounts Payable. An adjusting entry was proposed in the amount of \$41,812 to record the Accounts Receivable and the corresponding Accounts Payable. The entry was determined to be not material and has not been recorded in the financial statements.
- The District recorded the Uniform School Supplies (009) and the Customer Services (011) fund balances as Assigned. AoS Bulletin 2011-004 states these funds balances should be Assigned only if the Board of Education has a policy indicating the intended use of the revenues. Since the Board of Education does not have such a policy, the fund balances should be Unassigned. A reclassification was proposed to increase the Unassigned Fund Balance and to reduce the Assigned Fund Balance in the amount of \$258,994. The entry is a reclassification of fund balance and was determined to be not material to the financial statements and has not been recorded in the financial statements.

Sound financial reporting is the responsibility of the District's Treasurer and Board of Education and is essential to ensure the information to the readers of the financial statements is complete and accurate.

To help ensure the District's financial statements and notes to the financial statements are complete and accurate, the District should adopt policies and procedures, including a final review of the statements and notes by the Treasurer and Board of Education, to identify and correct errors and omissions.

Official's Response:

1. Notified GAAP Consultant and will make these adjustments in the future.
2. Made adjustments to correct salaries and benefits to the Adult Education as noted. The District will not use this procedure in the future
3. Notified Adult Education and GAAP Consultant – should be records in future years.
4. Notified GAAP Consultant for FY12 – will work on Board Policy to record these funds as Assigned for future financial statements.

3. FINDING FOR FEDERAL AWARDS

NONCOMPLIANCE AND SIGNIFICANT DEFICIENCY

Finding Number	2011-002
CFDA Title and Number	Child Nutrition Cluster CFDA# 10.555
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Education

7 CODE OF FEDERAL REGULATIONS SECTION 245.6A

7 Code of Federal Regulations Section 245.6a(c)(2) states in part that “verification of eligibility (for free or reduced price meals) is not required of households if all children in the household are determined eligible based on documentation provided by the State or local agency responsible for the administration of the Food Stamp Program...” The District utilizes the Free and Reduced Meal Application Tracking (FORMAT) system to select their sample. The system selected four applications that were categorically approved. The District did not send the "Verification Form" to the Ohio Department of Job and Family Services for independent verification of the students and food stamp numbers; therefore, these applications were not completely verified by the District. The form was subsequently sent to the Wayne County Department of Job and Family Services for confirmation of these individuals benefits. The confirmation revealed that one of the students was not on food stamps and should not have been eligible for free meals based on being categorically approved.

The District should ensure all applications selected for verification are properly verified. This will help ensure they are in compliance with verification procedures.

Official’s Response / Corrective Action Plan:

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-002	Administrative Assistant who processes forms has been instructed where to find forms in the software and how and when to process them.	2/24/2012	Pam Tarleton, Head Cook
2011-002	Head Cook will recheck certification reports and submit to Director of Operations and Treasurer.	As needed	Pam Tarleton, Head Cook Lynn Moomaw, Director of Operations Jeff Slutz, Treasurer
2011-002	Director of Operations and Treasurer will sign off any mandated Verification Reports.	As needed	Pam Tarleton, Head Cook Lynn Moomaw, Director of Operations Jeff Slutz, Treasurer

**WAYNE COUNTY SCHOOLS CAREER CENTER
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	The District had several errors noted in the financial statements that required proposed audit adjustments and reclassifications.	No	Not Corrected - See Finding 2011-001
2010-002	The District did not have an adequate process or system to track federal receipt and expenditure activity.	No	Partially Corrected – See the Management Letter



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Wayne County Schools Career Center
Wayne County
518 W. Prospect Street
Smithville, Ohio 44677

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 the Wayne County Schools Career Center, (the 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.

1. We noted the Board amended its anti-harassment policy at its meeting on December 15, 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 and is not intended to be and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

February 15, 2012

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Dave Yost • Auditor of State

WAYNE COUNTY SCHOOLS CAREER CENTER

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
MARCH 22, 2012