



Dave Yost • Auditor of State

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Waynesfield-Goshen Local School District
Auglaize County
500 North Westminster Street
Waynesfield, Ohio 45896

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 Waynesfield-Goshen Local School District, Auglaize County, Ohio (the School District), as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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.

Ohio Administrative Code § 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Waynesfield-Goshen Local School District, Auglaize County, Ohio, as of June 30, 2011, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 16, during 2011 the Waynesfield Goshen Local School District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2012, on our consideration of the School 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.

We conducted our audit to opine on the School District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities. The Schedule of Federal Awards Receipts and Expenditures (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the Schedule were 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. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

February 3, 2012

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED**

The discussion and analysis of the financial performance of Waynesfield-Goshen Local School District (the School District) 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 financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- General receipts accounted for \$5,399,776, or 78 percent of all receipts. Program specific receipts in the form of charges for services, and operating grants and contributions accounted for \$1,510,444, or 22 percent of total receipts of \$6,910,220.
- Total program disbursements during 2011 were \$6,864,330 of which 22 percent were covered by program receipts.
- In total, net assets increased \$45,890.
- The School District's major fund includes the General Fund, Bond Retirement Fund and the Permanent Improvement Fund.
- The General Fund had \$5,192,305 in receipts and other financing sources and \$5,439,784 in disbursements and other financing uses. The General Fund's balance decreased \$247,479 from the prior fiscal year.
- The Bond Retirement Fund had \$421,463 in receipts and \$333,191 in disbursements. The Bond Retirement Fund's balance increased \$88,272 from the prior fiscal year. The revenue generated from the Bond Retirement Fund is used to pay for the current portion of bonded debt.
- The Permanent Improvement Fund had \$217,013 in receipts and other financing sources and \$19,807 in disbursements. The Permanent Improvement Fund's balance increased \$197,206 from the prior fiscal year.

Using the Basic Financial Statements

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 School District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities, both reported on the cash basis, 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 a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other non-major funds presented in total in a single column. For the School District, the General Fund is the most significant fund. The General Fund, the Bond Retirement Fund, and the Permanent Improvement Fund are the School District's major funds.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities, both reported on the cash basis, reflects how the School District did financially during fiscal year 2011. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These 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 whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes 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 restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets, cash basis, and the statement of activities, cash basis, the School District discloses a single type of activity - governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Bond Retirement Fund, and the Permanent Improvement Fund.

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the cash basis of accounting. 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 determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the cash basis of accounting.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2011 compared to fiscal year 2010. The increase in the School District's current assets was attributed to an increase in income tax and grant revenue and a decrease in capital outlay disbursements.

**Table 1
Net Assets - Cash Basis
Governmental Activities**

	2011	2010
Assets:		
Current and Other Assets	\$3,473,161	\$3,427,271
Total Assets	<u>3,473,161</u>	<u>3,427,271</u>
Net Assets:		
Restricted	1,256,693	963,324
Unrestricted	2,216,468	2,463,947
Total	<u>\$3,473,161</u>	<u>\$3,427,271</u>

Table 2 reflects the changes in net assets for fiscal year 2011.

**Table 2
Change in Net Assets
Governmental Activities**

	2011	2010
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$ 492,574	\$ 518,548
Operating Grants, Contributions and Interest	1,017,870	801,316
Total Program Receipts	<u>1,510,444</u>	<u>1,319,864</u>
General Receipts:		
Property Taxes	1,361,525	1,382,996
Income Taxes	519,427	482,935
Grants and Entitlements	3,439,909	3,588,573
Interest	7,074	14,975
Gifts and Donations	20,750	
Miscellaneous	49,691	49,040
Sale of Capital Assets	1,400	
Total General Receipts	<u>5,399,776</u>	<u>5,518,519</u>
Total Receipts	<u>6,910,220</u>	<u>6,838,383</u>

(Continued)

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

**Table 2
Change in Net Assets
Governmental Activities
(Continued)**

	<u>2011</u>	<u>2010</u>
Expenses:		
Instruction	3,815,259	3,574,826
Support Services:		
Pupils	230,646	233,042
Instructional Staff	307,869	290,754
Board of Education	14,642	16,589
Administration	586,889	582,945
Fiscal	197,092	198,140
Business	22,873	2,268
Operation and Maintenance of Plant	592,622	530,285
Pupil Transportation	275,768	296,499
Central	25,636	1,973
Non-Instructional	237,926	224,322
Extracurricular Activities	208,281	241,242
Capital Outlay	21,137	357,737
Principal	165,000	135,000
Interest and Fiscal Charges	162,690	170,288
Total Expenses	<u>6,864,330</u>	<u>6,855,910</u>
Increase/Decrease in Net Assets	<u>\$ 45,890</u>	<u>(\$ 17,527)</u>

Program receipts account for 22 percent of total receipts in fiscal year 2011 and are represented by tuition, restricted intergovernmental receipts, extracurricular activities, and food service sales.

For fiscal year 2011 the major program disbursements for governmental activities are for instruction, which accounts for 56 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 12 percent of governmental disbursements in fiscal year 2011. Maintenance of the School District's facilities also represents a significant disbursement of 9 percent. The remaining 23 percent of the School District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted state entitlements.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2010</u>
Instruction	\$3,815,259	\$2,663,473	\$3,574,826	\$2,836,510
Support Services:				
Pupils	230,646	229,471	233,042	233,042
Instructional Staff	307,869	275,425	290,754	277,177
Board of Education	14,642	14,642	16,589	16,589
Administration	586,889	581,889	582,945	577,945
Fiscal	197,092	192,542	198,140	193,567
Business	22,873	22,873	2,268	2,268
Operation and Maintenance of Plant	592,622	592,622	530,285	347,070
Pupil Transportation	275,768	275,768	296,499	238,884
Central	25,636	25,636	1,973	1,973
Non-Instructional	237,926	4,445	224,322	6,805
Extracurricular Activities	208,281	126,273	241,242	141,191
Capital Outlay	21,137	21,137	357,737	357,737
Principal	165,000	165,000	135,000	135,000
Interest and Fiscal Charges	162,690	162,690	170,288	170,288
Total Expenses	<u><u>\$6,864,330</u></u>	<u><u>\$5,353,886</u></u>	<u><u>\$6,855,910</u></u>	<u><u>\$5,536,046</u></u>

The dependence upon tax receipts and unrestricted state entitlements for governmental activities is apparent. Approximately 70 percent of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts is 78 percent. The remaining 22 percent is derived from tuition and fees, specific grants, and donations.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. The School District's major governmental funds are the General Fund, the Bond Retirement Fund, and the Permanent Improvement Fund. Total governmental funds had receipts and other financing sources of \$6,910,220 and disbursements of \$6,864,330. The net positive change of \$45,890 in fund balance for the year indicates that the School District was able to meet current costs.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2011, the School District amended its General Fund budget as needed.

Final estimated receipts were \$5,200,659 which were more than actual receipts of \$5,192,305. Final disbursements were budgeted at \$5,926,475 while actual disbursements were \$5,603,489. The \$314,632 difference is primarily due to a conservative "worst case scenario" approach. The School District over-appropriates in case significant, unexpected disbursements arise during the fiscal year.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
UNAUDITED
(Continued)**

Debt Administration

At June 30, 2011, the School District had \$3,670,000 in school improvement general obligation bonds for building improvements. The first bond issue was issued in 1989 and will mature December 1, 2012. The second bond issue was issued in 1995 and will mature December 1, 2018. The third bond issue was issued in 2006 and will mature in December 1, 2032. The bonds are being retired through the Bond Retirement Fund.

At June 30, 2011, the School District's overall legal debt margin was \$854,086, with an un-voted debt margin of \$44,631. The School District was approved as a special needs district by the Ohio Department of Education pursuant to the Ohio Revised Code Section 133.06(E) based on future tax valuation of \$60,454,877 and a total indebtedness (based on the project valuation) of approximately 7.1954%.

For further information regarding the School District's debt, see the notes to the basic financial statements.

Current Issues

The School District is holding its own in the state of a declining economy and uncertainty in State funding. Waynesfield is a small rural community of 850 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The School District is currently operating in the first year of the state biennium budget. 36 percent of School District revenue sources were from local funds, 54 percent was in the form of state funds, and the remaining 10 percent was from federal funds. The total expenditure per pupil was calculated at \$9,308 for fiscal year 2011.

Over the past several years, the School District has remained in a good financial position. In November 2005, the School District passed a \$3,750,000 bond issue for the School District portion of construction of a new school building. The State funded approximately \$15,000,000 toward this project through the Ohio School Facilities Commission. In May 2008, the School District renewed a one percent income tax levy. This levy provides operating funds for the School District. However, future finances are not without challenges as our community changes and state funding is revised.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Doug Passet, Treasurer, Waynesfield-Goshen Local School District, 500 N. Westminister Street, Waynesfield, Ohio 45896.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2011**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$3,473,161</u>
Total Assets	<u>3,473,161</u>
Net Assets:	
Restricted for:	
Debt Service	507,255
Capital Outlay	416,909
Other Purposes	332,529
Unrestricted	<u>2,216,468</u>
Total Net Assets	<u><u>\$3,473,161</u></u>

See Accompanying Notes to the Basic Financial Statements.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

		Program Receipts		Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$2,357,128	\$278,227	\$628	(\$2,078,273)
Special	944,598		834,397	(110,201)
Vocational	169,376		38,534	(130,842)
Other	344,157			(344,157)
Support Services:				
Pupils	230,646		1,175	(229,471)
Instructional Staff	307,869		32,444	(275,425)
Board of Education	14,642			(14,642)
Administration	586,889		5,000	(581,889)
Fiscal	197,092		4,550	(192,542)
Business	22,873			(22,873)
Operation and Maintenance of Plant	592,622			(592,622)
Pupil Transportation	275,768			(275,768)
Central	25,636			(25,636)
Operation of Non-Instructional Services	237,926	132,339	101,142	(4,445)
Extracurricular Activities	208,281	82,008		(126,273)
Capital Outlay	21,137			(21,137)
Debt Service:				
Principal	165,000			(165,000)
Interest and Fiscal Charges	162,690			(162,690)
Totals	\$6,864,330	\$492,574	\$1,017,870	(5,353,886)
 General Receipts:				
Taxes:				
Property Taxes, Levied for General Purposes				804,942
Property Taxes, Levied for Capital Outlay				163,065
Property Taxes, Levied for Debt Service				360,635
Property Taxes, Levied for School Facilities				32,883
Income Taxes				519,427
Grants and Entitlements not Restricted to Specific Programs				3,439,909
Gifts and Donations				20,750
Investment Earnings				7,074
Miscellaneous				49,691
Sale of Capital Assets				1,400
Total General Receipts				5,399,776
Change in Net Assets				45,890
Net Assets Beginning of Year				3,427,271
Net Assets End of Year				\$3,473,161

See Accompanying Notes to the Basic Financial Statements.

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2011

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Permanent Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	\$1,963,609	\$507,255	\$368,906	\$363,405	\$3,203,175
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	269,986				269,986
Total Assets	<u>2,233,595</u>	<u>507,255</u>	<u>368,906</u>	<u>363,405</u>	<u>3,473,161</u>
Fund Balances:					
Restricted	269,986	507,255	368,906	388,526	1,534,673
Assigned	175,467				175,467
Unassigned	1,788,142			(25,121)	1,763,021
Total Fund Balances	<u>2,233,595</u>	<u>507,255</u>	<u>368,906</u>	<u>363,405</u>	<u>3,473,161</u>
Total Liabilities and Fund Balances	<u>\$2,233,595</u>	<u>\$507,255</u>	<u>\$368,906</u>	<u>\$363,405</u>	<u>\$3,473,161</u>

See Accompanying Notes to the Basic Financial Statements.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Permanent Improvement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:					
Property and Other Local Taxes	\$804,942	\$360,635	\$163,065	\$32,883	\$1,361,525
Income Tax	519,427				519,427
Intergovernmental	3,522,616	60,828	32,017	842,318	4,457,779
Interest	5,737		531	806	7,074
Tuition and Fees	278,227				278,227
Extracurricular Activities	16,052			65,956	82,008
Gifts and Donations			20,000	750	20,750
Sales/Charges for Services				132,339	132,339
Miscellaneous	45,304			4,387	49,691
Total Receipts	<u>5,192,305</u>	<u>421,463</u>	<u>215,613</u>	<u>1,079,439</u>	<u>6,908,820</u>
Disbursements:					
Current:					
Instruction:					
Regular	2,314,845			42,283	2,357,128
Special	583,965			360,633	944,598
Vocational	169,376				169,376
Other	337,083			7,074	344,157
Support Services:					
Pupils	229,324			1,322	230,646
Instructional Staff	266,862			41,007	307,869
Board of Education	14,642				14,642
Administration	581,889			5,000	586,889
Fiscal	184,030	5,501	2,493	5,068	197,092
Business	22,873				22,873
Operation and Maintenance of Plant	331,233		17,314	244,075	592,622
Pupil Transportation	235,189			40,579	275,768
Central	25,636				25,636
Operation of Non-Instructional Services	249			237,677	237,926
Extracurricular Activities	142,088			66,193	208,281
Capital Outlay				21,137	21,137
Debt Service:					
Principal		165,000			165,000
Interest		162,690			162,690
Total Expenditures	<u>5,439,284</u>	<u>333,191</u>	<u>19,807</u>	<u>1,072,048</u>	<u>6,864,330</u>
Excess of Receipts Over (Under) Disbursements	<u>(246,979)</u>	<u>88,272</u>	<u>195,806</u>	<u>7,391</u>	<u>44,490</u>
Other Financing Sources and Uses:					
Transfers In				500	500
Sale of Capital Assets			1,400		1,400
Transfers Out	(500)				(500)
Total Other Financing Sources and Uses	<u>(500)</u>		<u>1,400</u>	<u>500</u>	<u>1,400</u>
Net Change in Fund Balances	<u>(247,479)</u>	<u>88,272</u>	<u>197,206</u>	<u>7,891</u>	<u>45,890</u>
Fund Balance (Deficit) at Beginning of Year	<u>2,481,074</u>	<u>418,983</u>	<u>171,700</u>	<u>355,514</u>	<u>3,427,271</u>
Fund Balance (Deficit) at End of Year	<u>\$2,233,595</u>	<u>\$507,255</u>	<u>\$368,906</u>	<u>\$363,405</u>	<u>\$3,473,161</u>

See Accompanying Notes to the Basic Financial Statements.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts:				
Property and Other Local Taxes	\$813,288	\$805,288	\$804,942	(\$346)
Income Tax	482,935	519,427	519,427	
Intergovernmental	3,552,238	3,523,807	3,522,616	(1,191)
Interest	13,074	9,042	5,737	(3,305)
Tuition and Fees	291,535	279,072	278,227	(845)
Extracurricular Activities	18,108	18,108	16,052	(2,056)
Miscellaneous	49,815	45,915	45,304	(611)
Total Receipts	<u>5,220,993</u>	<u>5,200,659</u>	<u>5,192,305</u>	<u>(8,354)</u>
Disbursements:				
Current:				
Instruction:				
Regular	2,506,228	2,435,089	2,321,567	113,522
Special	686,126	685,649	645,157	40,492
Vocational	186,597	190,302	181,637	8,665
Other	272,183	339,308	337,083	2,225
Support Services:				
Pupils	233,988	235,125	231,840	3,285
Instructional Staff	277,274	307,882	272,181	35,701
Board of Education	17,523	15,200	14,642	558
Administration	596,557	605,691	584,167	21,524
Fiscal	197,212	208,534	193,762	14,772
Business	19,268	30,569	28,109	2,460
Operation and Maintenance of Plant	604,855	404,338	355,520	48,818
Pupil Transportation	278,175	260,706	246,207	14,499
Central	2,275	48,269	48,021	248
Operation of Non-Instructional Services:	400	400	249	151
Extracurricular Activities	161,253	158,913	142,847	16,066
Total Disbursements	<u>6,039,914</u>	<u>5,925,975</u>	<u>5,602,989</u>	<u>322,986</u>
Excess of Receipts Over (Under) Disbursements	<u>(818,921)</u>	<u>(725,316)</u>	<u>(410,684)</u>	<u>314,632</u>
Other Financing Sources and Uses:				
Transfers In				
Refund of Prior Year Disbursements				
Transfers Out	(500)	(500)	(500)	
Total Other Financing Sources and Uses	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	
Net Change in Fund Balances	(819,421)	(725,816)	(411,184)	314,632
Fund Balance (Deficit) at Beginning of Year	2,357,420	2,357,420	2,357,420	
Prior Year Encumbrances Appropriated	123,654	123,654	123,654	
Fund Balance (Deficit) at End of Year	<u>\$1,661,653</u>	<u>\$1,755,258</u>	<u>\$2,069,890</u>	<u>\$314,632</u>

See Accompanying Notes to the Basic Financial Statements.

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

STATEMENT OF CASH BASIS FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2011

	<u>Agency Fund</u>
Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$32,421
Total Assets	<u>32,421</u>
Liabilities:	
Current Liabilities:	
Undistributed Monies	32,421
Total Liabilities	<u><u>\$32,421</u></u>

See Accompanying Notes to the Basic Financial Statements.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established during 1958 through the consolidation of existing land areas and school districts. The School District serves an area of approximately ninety-four square miles. It is located in Allen, Auglaize, and Logan Counties, and includes all of the Village of Waynesfield, and Wayne and Goshen Townships, and parts of Union and Clay Townships.

During fiscal year 2011, the School District was staffed by 29 non-certified employees and 47 certified teaching personnel who provided services to 597 students and other community members.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to insure 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, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the 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, or the levying of taxes. The School District does not have any component units.

The School District is associated with five jointly governed organizations and three public entity risk pools. These organizations are the Western Ohio Computer Organization (WOCO), Ohio Hi-Point Joint Vocational School, Auglaize County Local Professional Development Committee, West Central Regional Professional Development Center, the Southwestern Ohio Educational Purchasing Council, Mercer Auglaize Employee Benefit Trust, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 12 and 13 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A and 2.B, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the School District's financial report to follow generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. The School District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

B. Basis of Presentation

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

1. 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 statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

2. Fund Financial Statements

During the fiscal 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. 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 a self-balancing set of accounts. The funds of the School District are divided into two categories, governmental and fiduciary.

1. Governmental Funds:

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The General Fund, the Bond Retirement Fund, and the Permanent Improvement Fund are the School District's major governmental funds during 2011.

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

Bond Retirement Fund – The Bond Retirement Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

Permanent Improvement Fund - The Permanent Improvement fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

2. Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various student-managed activities. The School District does not have any Trust funds.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations function and object level within funds other than the General Fund are made by the School District Treasurer.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

1. Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations.

2. Lapsing of Appropriations

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

E. 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. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

During fiscal year 2011, the School District's investments consisted of Federal National Mortgage Notes and nonnegotiable certificates of deposit.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$5,737 and \$1,411 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amount required by State statute to be set aside for the purchase of textbooks.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

H. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

I. Long-term Obligations

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

J. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for post retirement health care benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specific purposes.

L. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements. 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. Loans between funds are reported as advances. The School District did not have advance activity during the fiscal year.

M. Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon use of the resources in governmental funds. The classifications are as follows:

Non-spendable - The non-spendable classification 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" includes items that are not expected to be converted to cash.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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 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 the Board of Education.

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

The School District first applies restricted resources when an expenditure is 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 can be used.

3. COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District has prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

4. DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District Treasury. Active 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.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

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

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

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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.

A. Deposits

At fiscal yearend 2011, the carrying amount of the School District's deposits was \$3,004,582. Based in the criteria described in GASB Statement 40,"Deposits and Investments Risk Disclosure," as of June 30, 2011, \$476,943 of the School District's bank balance of \$3,062,014 was exposed to custodial risk as discussed below, while \$2,585,071 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or be a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits secured.

B. Investments

As of June 30, 2011, the School District had the following investments and maturities:

Investment Type	Carrying and Fair Value	4-5 Years
Federal National Mortgage Association Note	\$501,000	\$501,000
Total Investments	\$501,000	\$501,000

Interest Rate Risk - The School District's investment policy and State Statue require that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with expectation that it will be held to maturity.

Credit Risk - The Federal National Mortgage Association Note carry a rating of Aaa by Moody's and AAA by Standard and Poor's. The School District has no investment policy that would further limit its investment choices.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Note are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. 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.

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issuer, however School District policy and State statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time. The School District's investment in Federal National Mortgage Association Note represents 100%, of the School District's total investments for 2011.

5. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes for 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date.

Public utility property taxes attached as a lien on December 31 of the prior fiscal year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and interexchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Auglaize, Allen and Logan Counties. The County Auditors 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.

The assessed values upon which the fiscal year 2011 taxes were collected are:

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. PROPERTY TAXES (Continued)

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Commercial/Industrial	\$ 1,707,830	4%	\$ 1,707,830	4%
Residential/Agricultural	42,351,140	94%	42,923,620	94%
Public Utilities	1,081,110	2%	1,039,740	2%
Total Assessed Value	<u>\$45,140,080</u>	<u>100%</u>	<u>\$45,671,190</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$46.18		\$46.18	

6. INCOME TAX

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1997, renewed to be effective January 1, 2007 and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

7. RISK MANAGEMENT

A. Property and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the School District contracted for the following insurance coverages. Property and fleet coverages provided by Southwestern Ohio Educational Council Liability, Fleet and Property Program are as follows:

	Maximum Deductible	Coverage
Building and Contents – replacement cost (Includes boiler and machinery)	\$1,000/\$3,500	\$26,131,623
Commercial Auto/Business Auto	1,000	1,000,000
Musical Instruments	1,000	
Audio Visual Equipment/Radios	1,000	
Computers	1,000	
Miscellaneous Scheduled Property	1,000	

Coverages provided through the Southwestern Ohio Educational Council Liability, Fleet and Property Program are as follows:

	Maximum Deductible	Coverage
General Liability		
Per occurrence	N/A	\$1,000,000
Total per year	N/A	\$3,000,000

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

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

7. RISK MANAGEMENT

B. Insurance Risk Pool

The School District participates in the Mercer Auglaize Employee Benefit Trust (the Trust), a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The School District pays monthly premiums to the Trust for employee medical and dental insurance coverage. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

C. Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA.

The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the program.

The intent of the Program is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Program.

Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Program. Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Program.

8. DEFINED PENSION BENEFIT PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained on SERS' website at www.ohsers.org under Employer/Audit Resources.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

8. DEFINED PENSION BENEFIT PLANS (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended up to a statutory maximum amount by the SERS' Retirement Board. The 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 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds.

The School District's contributions to SERS for the years ended June 30, 2011, 2010, and 2009 were \$88,295, \$97,742 and \$60,674, respectively, 100 percent has been contributed for fiscal year 2011, 2010, and 2009.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (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 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 place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CP offers features of both the DB Plan and the DC 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

8. DEFINED PENSION BENEFIT PLANS (Continued)

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority of member and employer contributions.

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 \$323,417, \$323,245, and \$327,793, respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent has been contributed for fiscal years 2010 and 2009. Contributions to the DCP and CP for fiscal year 2011 were \$1,366 made by the School District and \$976 made by plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

9. 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 School Employees Retirement System 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.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2011 this amount was \$35,800 and the surcharge amount paid by the School District was \$11,279.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

9. POSTEMPLOYMENT BENEFITS (Continued)

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$23,549, \$16,376, and \$27,767 respectively; 100 percent has been contributed for fiscal year 2011, 2010, and 2009.

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 0.76 percent of covered payroll.

The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$5,682, \$5,813, and \$5,007, respectively; 100 percent has been contributed for fiscal year 2011, 2010, and 2009.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent 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 \$24,878, \$24,865, and \$25,215, respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent has been contributed for fiscal years 2010 and 2009.

10. LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2011 were as follows:

	Balance at July 1, 2010	Additions	Deductions	Balance at June 30, 2011	Due Within One Year
1995 School Improvement Bonds 5.85 – 8.25%	\$ 150,000		\$ 15,000	\$ 135,000	\$ 15,000
1989 School Improvement Bonds 7.125%	150,000		50,000	100,000	50,000
2006 OSFC Project Bonds 3.50 – 4.30%	3,535,000		100,000	3,435,000	110,000
Total Long-Term Obligations	<u>\$3,835,000</u>		<u>\$165,000</u>	<u>\$3,670,000</u>	<u>\$175,000</u>

A. 1995 School Improvement Bonds - On March 1, 1995, the School District issued \$260,000 in voted general obligation bonds for a building addition. The bonds were issued for a twenty-four year period, with final maturity in fiscal year 2019. The bonds are being retired through the Bond Retirement Debt Service Fund.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. LONG-TERM OBLIGATIONS (Continued)

- B. 1989 School Improvement Bonds** - On September 1, 1989, the School District issued \$1,033,000 in voted general obligation bonds for classroom additions. The bonds were issued for a twenty-three year period, with final maturity in fiscal year 2013. The bonds are being retired through the Bond Retirement Debt Service Fund.
- C. 2006 School Facilities Loan** – On April 13, 2006, the School District issued \$3,750,000 in voted general obligation bonds for classroom additions. The bonds were issued for a twenty-seven year period, with final maturity in fiscal year 2033. The bonds consisted of \$890,000 of serial coupon bonds, \$2,820,000 in term bonds, and \$40,000 in capital appreciation bonds. The bonds are being retired through the Bond Retirement Debt Service Fund.

A portion of the Current Interest Term Bonds maturing December 1, 2017, 2019, 2021, 2023, 2025, and 2027, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the year prior to the years documented below and in the respective principal amounts as follows:

Year	Amount Subject to Mandatory Sinking Fund Redemption	Principal Amount Maturing at their stated Maturity
2017	\$125,000	\$135,000
2019	140,000	145,000
2021	150,000	155,000
2023	160,000	170,000
2025	175,000	190,000
2027	190,000	200,000

The Current Interest Term Bonds maturing on December 1, 2031 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 as follows:

Year	Principal Amount to be Redeemed
2028	\$210,000
2029	215,000
2030	225,000

The balance of the principal of the 2031 Term Bonds, \$235,000, shall be payable at their stated maturity on December 1, 2031.

The Current Interest Term Bonds maturing on or after December 1, 2016 are subject to prior redemption on or after December 1, 2015 by and at the sole option of the Board, either in whole or in part (as selected by the Board) on any date and in integral multiples of \$5,000, at par plus accrued interest at redemption date.

When partial redemption is authorized, the Current Interest Bonds or portions thereof will be selected by lot within a maturity in such manner as the Board Register may determine, provided; however, that the portion of any such bond so selected will be in the amount of \$5,000 or any integral multiple thereof.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. LONG-TERM OBLIGATIONS (Continued)

If the optional redemption of Current Interest Bonds at a redemption exceeding 100 percent is to take place on any date on which mandatory redemption of such bonds on the same maturity will take place, such bonds to be redeemed by optional redemption are to be selected by the Bond Register prior to selection of such bonds to be redeemed at par on the same date.

The Capital Appreciation Serial Bonds will mature in fiscal years 2014 through 2015. The maturity amounts of these bonds each year are \$22,005 and \$17,994, for a total maturity of \$39,999.

Principal and interest requirements to retire general long-term obligations at June 30, 2011, were as follows:

Year Ending June 30	Principal	Interest	Total
2012	\$ 175,000	\$ 154,278	\$ 329,278
2013	180,000	145,435	325,435
2014	135,000	138,028	273,028
2015	37,006	237,689	274,695
2016	32,994	240,762	273,756
2017 - 2021	755,000	586,033	1,341,033
2022 - 2026	850,000	422,626	1,272,626
2027 - 2031	1,040,000	220,046	1,260,046
2032- 2035	465,000	20,350	485,350
Total	<u>\$3,670,000</u>	<u>\$2,165,247</u>	<u>\$5,835,247</u>

11. SET-ASIDE CALCULATIONS AND FUND RESERVES

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

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and capital improvements for fiscal year 2011. Disclosure of this information is required by State statute.

	Textbooks	Capital Acquisition
Set-aside Cash Balance as of June 30, 2010	\$196,785	
Current Year Set-aside Requirement	87,665	\$87,665
Qualifying Offsets		(87,665)
Qualifying Disbursements	(14,464)	
Cash Balance Carried Forward to FY 2012	<u>\$269,986</u>	
Reserve Balance June 30, 2011	\$269,986	\$ 0

Since the School District did not have qualifying disbursements equal to the textbook set-aside in 2011, the balance is carried forward to the subsequent year in the General Fund as a reserve for textbooks.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. JOINTLY GOVERNED ORGANIZATIONS

A. Western Ohio Computer Organization

The School District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, and Shelby Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Organization is governed by a board of directors consisting of 14 members: the Superintendent of the Fiscal Agent, two Superintendents from each county that is represented, one treasurer representative, a student services representative, and non-voting independent school district representative. The degree of control exercised by any participating member is limited to its representation on the board. Financial information can be obtained from Cathy Doseck, Treasurer, Shelby County Educational Service Center (fiscal agent to the Western Ohio Computer Organization,) 129 E. Court St., Sidney, Ohio 45365.

B. Ohio Hi-Point Joint Vocational School

The Ohio Hi-Point Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio that provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the eleven participating school districts' elected boards. The degree of control exercised by the school district is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Joint Vocational School, Eric Adelsberger, who serves as Treasurer, 2280 State Route 540, Bellefontaine, Ohio 43311.

C. Auglaize County Local Professional Development Committee

The Auglaize County Local Professional Development Committee (LPDC) was established to plan, promote, and facilitate effective and efficient professional educator license renewal standards and staff development activities. The LPDC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its members. The degree of control exercised by any participating school district is limited to its representation on the governing board. Financial information can be obtained from the Auglaize County Educational Service Center, who serves as fiscal agent, 1045 Dearbaugh Street, Wapakoneta, Ohio 45895.

D. West Central Regional Professional Development Center

The West Central Regional Professional Development Center (the Center) is a jointly governed organization among the school districts in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties.

The organization was formed to establish an articulated regional structure for professional development in which school districts, the business community, higher education, and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a fifty-two member board made up representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Greg Spiess, Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. JOINTLY GOVERNED ORGANIZATIONS (Continued)

E. Southwestern Ohio Educational Purchasing Council (SOEPC)

The Southwestern Ohio Educational Purchasing Cooperative (SOEPC) was established in 1986 among educational entities located in southwestern Ohio to purchase instructional and operational supplies and materials. The SOEPC is organized under Ohio law as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. The SOEPC is governed by an elected Board consisting of ten representatives of the educational entities and the superintendent from the Montgomery County Educational Service Center. The Board, except for the superintendent from the Montgomery County Educational Service Center, is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

13. GROUP PURCHASING POOLS

A. Mercer Auglaize Employee Benefit Trust

The Mercer Auglaize Employee Benefit Trust (the Trust) is a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision benefits to the employees of the participants.

Each participant's superintendent is appointed to an Administrative Committee, which advises the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from JM Consulting, 3547 Beechway Boulevard, Toledo, Ohio 43614.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group-rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

C. Ohio School Plan

The School District participates in the Ohio School Plan (the Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members, which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

13. GROUP PURCHASING POOLS (Continued)

The Plan's business and affairs are conducted by a fifteen-member board consisting of superintendents, Treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative, which establishes agreements between the Plan and its members. Financial information can be obtained from Hylant Administrative Services, LLC, 811 Madison Avenue, Toledo, Ohio 43624.

14. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

15. RESTRICTED ASSETS

The following amount, which is reflected on the Balance Sheet – Governmental Funds at fiscal yearend 2011, is restricted for textbooks.

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$269,986

16. CHANGE IN BASIS OF ACCOUNTING

For fiscal year 2011, the School District modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as non spendable, restricted, committed, assigned, and/or unassigned. The statement also, requires certain funds to be included with the general fund.

The fund balance restatements are as follows:

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

16. CHANGE IN BASIS OF ACCOUNTING (Continued)

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Fund Balance, June 30, 2010	\$2,463,947	\$544,341
Change in Fund Structure:		
Reclassify Uniform School Supply Fund	4,704	(4,704)
Reclassify Principal Funds	12,423	(12,423)
Change in Major Fund Classification (not due to GASB 54):		
Reclassify Permanent Improvement Fund as Major Fund		(171,700)
Restated Fund Balance, June 30, 2010	<u>\$2,481,074</u>	<u>\$355,514</u>

17. FUND BALANCE

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

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

<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:					
Textbooks and Capital Improvements	\$269,986				\$ 269,986
Regular Instruction				\$ 20,675	20,675
Athletics				7,362	7,362
Food Service Operations				57,088	57,088
Facilities Maintenance				255,398	255,398
Debt Retirement		\$507,255			507,255
Permanent Improvement			\$368,906		368,906
Building Construction				48,003	48,003
Total Restricted	<u>269,986</u>	<u>507,255</u>	<u>368,906</u>	<u>388,526</u>	<u>1,534,673</u>
Assigned for:					
Educational Activities	11,762				11,762
Unpaid Obligations (encumbrances)	163,705				163,705
Total Assigned	<u>175,467</u>				<u>175,467</u>
Unassigned	1,788,142			(25,121)	1,763,021
Total Fund Balance	<u>\$2,233,595</u>	<u>\$507,255</u>	<u>\$368,906</u>	<u>\$363,405</u>	<u>\$3,473,161</u>

18. BUDGETARY BASIS OF ACCOUNTING

The statement of receipts, disbursements and changes in fund balance – budget and actual (budget basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and the cash basis is:

- a. In order to determine compliance with Ohio Law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement.

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

18. BUDGETARY BASIS OF ACCOUNTING

The adjustment necessary to convert the results of operations for the year on the budget basis to the cash basis for the General Fund is as follows:

<u>Net Change in Fund Balance</u>	
	<u>General Fund</u>
Cash basis	(\$247,479)
Adjustment for encumbrances	(163,705)
Budget basis	<u>(\$411,184)</u>

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WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
<i>(Passed through the Ohio Department of Education)</i>					
Nutrition Cluster:					
Breakfast Program	10.553	\$13,906		\$13,906	
Food Distribution	10.555		\$13,416		\$13,416
National School Lunch Program	10.555	84,850		84,850	
Total Nutrition Cluster		<u>98,756</u>	<u>13,416</u>	<u>98,756</u>	<u>13,416</u>
Total U.S. Department of Agriculture		<u>98,756</u>	<u>13,416</u>	<u>98,756</u>	<u>13,416</u>
U.S. DEPARTMENT OF EDUCATION					
<i>(Passed through the Ohio Department of Education)</i>					
Title I Cluster:					
Title I Grants to Local Educational Agencies	84.010	48,297		57,234	
Title I School Improvement Sub A	84.010	49,091		10,110	
Total Title I, Grants to Local Educational Agencies and School Improvement		<u>97,388</u>		<u>67,344</u>	
ARRA Title I Grants to Local Educational Agencies - Recovery Act	84.389	21,726		24,077	
Total Title I Cluster		<u>119,114</u>		<u>91,421</u>	
Special Education Cluster:					
Special Education - Grants to States	84.027	117,187		125,031	
Special Education Preschool Grants	84.173	3,494		3,753	
ARRA Special Education - Grants to States - Recovery Act	84.391	116,486		116,486	
Total Special Education Cluster		<u>237,167</u>		<u>245,270</u>	
Safe & Drug Free Schools and Communities - State Grants	84.186	1,175		1,322	
Education Technology State Grants	84.318	628		675	
Improving Teacher Quality State Grants	84.367	19,641		21,926	
ARRA State Fiscal Stabilization Fund (SFSF) - Education State Grants - Recovery Act	84.394	279,621		279,621	
<i>(Direct)</i>					
Rural Education (REAP Small, Rural School Achievement Grant)	84.358A	44,716		44,716	
Total U.S. Department of Education		<u>702,062</u>		<u>684,951</u>	
Total Federal Assistance		<u>\$800,818</u>	<u>\$13,416</u>	<u>\$783,707</u>	<u>\$13,416</u>

See Accompanying Notes to the Schedule of Federal Awards Receipts and Expenditures.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Waynesfield-Goshen Local School District's (the School 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 School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - TRANSFER OF FUNDS BETWEEN SPECIAL COST CENTERS

During 2011, the following transfers between fund special cost centers were made:

<u>Grant, CFDA #, Fund, and Cost Center</u>	<u>Transfer Out</u>	<u>Transfer In</u>
Education Technology State Grants #84.318		
533-9010	(\$ 47)	
533-9011		\$ 47
Title I Grants to Local Educational Agencies #84.010		
572-9010	(1,235)	
572-9011		1,235
ARRA Title I Grants to Local Educational Agencies Recovery Act #84.389		
572-932N	(1,235)	
572-932O		1,235



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*

Waynesfield Goshen Local School District
Auglaize County
500 North Westminster Street
Waynesfield, Ohio 45896

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 Waynesfield Goshen Local School District, Auglaize County, (the School District) as of and for the fiscal year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 3, 2012 wherein we noted the School District uses a comprehensive accounting basis other than generally accepted accounting principles and adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School 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 School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School 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 to be 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 2011-02 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the School 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2011-01.

We also noted certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated February 3, 2012.

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

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



Dave Yost
Auditor of State

February 3, 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

Waynesfield-Goshen Local School District
Auglaize County
500 North Westminster Street
Waynesfield, Ohio 45896

To the Board of Education:

Compliance

We have audited the compliance of Waynesfield-Goshen Local School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Waynesfield-Goshen Local School District's major federal programs for the fiscal year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the School District's major federal programs. The School 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 opine on the Government'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 School 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 School District's compliance with these requirements.

As described in finding 2011-03 in the accompanying schedule of findings, the School District did not comply with requirements regarding reporting applicable to its ARRA Special Education Grants to States, Recovery Act and State Fiscal Stabilization Fund (SFSF) Education State Grants, Recovery Act major federal programs. Compliance with these requirements is necessary, in our opinion, for the School District to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Waynesfield Goshen Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2011.

Internal Control Over Compliance

The School 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 School District's internal control over compliance with the requirements that could directly and materially affect a major federal program, 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 School District's internal control over compliance.

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

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2011-03 to be a material weakness.

The School District's response to the finding we identified are described in the accompanying schedule of findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated February 3, 2012.

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



Dave Yost
Auditor of State

February 3, 2012

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Special Education Cluster Special Education Grants to States – CFDA #84.027, Special Education Preschool Grants - CFDA 84.173, and ARRA - Special Education Grants to States Recovery Act – CFDA #84.391 ARRA - State Fiscal Stabilization Fund (SFSF) Education State Grants Recovery Act - CFDA #84.394
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2011-01

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Adm. Code Section 117-2-03(B) requires the School District to file annual financial reports which are prepared using generally accepted accounting principles. However, the School District prepared its financial statements in accordance with the cash accounting basis. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The School District should prepare its financial statements according to generally accepted accounting principles to provide any user with more meaningful and useful financial statements.

OFFICIAL'S RESPONSE:

The Board of Education has elected not to prepare its annual financial reports in accordance with the generally accepted accounting principles (GAAP) to save the District the additional costs required to prepare and audit GAAP financial statements.

FINDING NUMBER 2011-02

Material Weakness

Classification of Financial Activity

The School District should have control procedures in place to help prevent and detect errors to help provide meaningful information to the users of the financial statements and accounting records,. The School District's accounting records and financial statements had expenditure classification errors of \$223,852 in the Title VI IDEA B Fund, ARRA Title VI IDEA B Fund and Early Childhood Special Education IDEA Fund as a result of recording expenditures related to special instruction as regular instruction. The Ohio Department of Education (ODE) determines compliance with level of effort/maintenance of effort based on information that the School District submits through the Education Management Information System (EMIS) using an excess cost report. As a result, the failure to correctly classify special education expenditures not only impacts the School District's ability to monitor financial activity, but may also give the appearance of noncompliance with federal grant requirements which could impact future funding.

In addition, the following errors were identified in the annual financial statements which were prepared by an independent public accountant (IPA):

- Refund of Prior Year Expenditures in the amount of \$44,084 was reported in the General Fund instead of reclassifying to Miscellaneous Revenue;
- Intra-fund activity in the amount of \$21,000 with-in the General Fund was not eliminated on the financial statements;

**FINDING NUMBER 2011-02
(Continued)**

- Receipts in the amount of \$1,400 and \$20,000 were recorded as Reduction of Expenditures and were presented on the financial statements as negative expenditures for Pupil Transportation and Capital Outlay in the Permanent Improvement Fund instead of being properly reclassified as Sale of Capital Assets and Gifts and Donations, respectively;
- The fund balance for the Permanent Improvement Fund in the amount of \$368,906 was presented as Assigned instead of Restricted;
- Open enrollment tuition revenue in the amount of \$231,432 was reported twice as Program Revenue - Operating Grants and Contributions against Regular Instruction;
- Medicaid reimbursement revenue in the amount of \$14,906 was reported as Program Revenue - Operating Grants and Contributions against Regular Instruction instead of Special Instruction;
- Revenue received from state foundation payments for special education teachers, special education aides, preschool special education classrooms and special education transportation in the amount of \$431,297 was reported as General Revenue - Grants and Entitlements not Restricted to Specific Programs instead of Program Revenue - Operating Grants and Contributions against Special Instruction;
- State Fiscal Stabilization Fund revenue in the amount of \$279,621 was reported as Program Revenue - Operating Grants and Contributions against Regular Instruction, Other Instruction, Operation and Maintenance of Plant and Pupil Transportation instead of General Revenue - Grants and Entitlements not Restricted to Specific Programs;
- The original budget for appropriations in the General Fund did not agree to the Permanent Appropriation Resolution approved by the Board of Education on January 10, 2011 and was understated by \$568,802; and
- Fund balances for the Title VI-B and the Title I funds were reported as negative restricted fund balances instead of negative unassigned fund balances.

Reporting errors in the annual financial statements not only inhibit the users understanding but may also result in the material misstatement of the financial statements.

The School District should periodically review the accounting records to help identify recording errors. In addition, the annual financial statements should be reviewed for errors prior to filing with the Auditor of State. To aid in these reviews, the Treasurer should review the Uniform School Accounting System User Manual, Auditor of State Bulletins, Governmental Accounting Standard Board (GASB) statements, specific grant requirements, and other resources such as those provided on the Auditor of State website for guidance in correctly reporting financial activity and balances.

The School District's accounting records and the accompanying financial statements have been adjusted to report special education expenditures in the correct line item.

OFFICIAL'S RESPONSE:

I will contact the complier of the statements in subsequent audit periods prior to issuing his reports to see if there can be corrections made prior to an audit finding.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Noncompliance Citation / Material Weakness

Finding Number	2011-03
CFDA Title and Number	ARRA Special Education Grants to States, Recovery Act - CFDA #84.391 and State Fiscal Stabilization Fund (SFSF) Education State Grants, Recovery Act - CFDA #84.394 –
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

American Recovery and Reinvestment Act of 2009 (ARRA), Sections 1512 (b) & (c) require any entity that receives certain Recovery funds directly from the Federal government (including recovery funds received through grant, loan or contract other than an individual) to submit a report to the Federal Agency not later than 10 days after the end of each calendar quarter in which the Federal Recovery funds were received. **Section 1512 (c) (4)** requires detailed information on any subcontracts or sub-grants awarded by the recipient to include the data elements required to comply with the Federal Funding Accountability and Transparency Act of 2006 (Public Law 109-282), allowing aggregate reporting on awards below \$25,000 or to individuals.

Further, **Office of Management and Budget Memo M-09-21 dated June 22, 2009** states that prime recipients may choose to delegate certain reporting requirements to sub-recipients. This memo also states three additional data elements associated with any vendors receiving funds from the prime recipient for any payments greater than \$25,000 must be reported.

The **Ohio Department of Education’s American Recovery and Reinvestment Act Reporting Guidance** states the Ohio Department of Education (ODE), as a prime recipient of ARRA funding, is required to report quarterly to the federal government data on ARRA programs. ODE distributes ARRA funds to local education agencies (LEAs) as sub recipients and must collect quarterly data from LEAs to meet the reporting requirements associated with ARRA funding. Among the items to be reported, the vendor name and zip code are required for each vendor that received a single payment, from a single ARRA grant, in excess of \$25,000. If the vendor received multiple payments less than \$25,000, even when the total of the payments exceeds \$25,000, the vendor information should *not* be reported.

The School District reported payments in the amount of \$42,533 from the ARRA Special Education Grants to States, Recovery Act and \$25,297 from the State Fiscal Stabilization Fund (SFSF) Education Grants to States, Recovery Act federal grants in the quarter the payment was made to the vendor but failed to continually report these vendors in subsequent quarters. In addition, the School District failed to report a single payment, in the amount of \$69,731 from the ARRA Special Education Grants to States, Recovery Act funding for payments to a vendor.

The failure to comply with all requirements of a federal grant could result in a loss of federal funding to the School District.

Procedures should be implemented to provide training and resources to those responsible for assuring compliance with the requirements of federal grants.

OFFICIAL’S RESPONSE:

The amount of \$69,731 from the ARRA Special Education Grants to States, Recovery Act payments was done at the end of Fiscal year 2011 to the Auglaize ESC and therefore may have been overlooked due to recoding of the funds.

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE 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; Explain
2010-01	Ohio Rev. Code Section 117.38 and Ohio Admin. Code 117-2-03(B) – failed to prepare financial statements in accordance with GAAP	No	Repeated as Finding 2011-01

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-03	With FY 2011 being the last year for the ARRA funds and the Jobs Funds in FY 2012 there will not be any corrective action suggested past FY 12 other than reporting of amounts and vendors. Corrective action to be will correct immediately any future ARRA Fund reporting.	Immediate	Doug Passet, Treasurer



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

Waynesfield-Goshen Local School District
Auglaize County
500 North Westminster Street
Waynesfield, Ohio 45896

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 Waynesfield-Goshen Local School District (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 February 14, 2011 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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

February 3, 2012

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WAYNESFIELD GOSHEN LOCAL SCHOOL DISTRICT

AUGLAIZE 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 20, 2012