



Dave Yost • Auditor of State



**WYOMING CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wyoming City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wyoming City Schools, Hamilton County, Ohio, as of June 30, 2011, and the respective changes in financial position, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 20, during the year ended June 30, 2011, the District adopted the provisions of 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 21, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and *Required budgetary comparison schedule* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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



**Dave Yost**  
Auditor of State

February 21, 2012

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

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

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- Net assets of governmental activities increased \$1,330,742 which represents a 8.4% increase from 2010.
- General revenues accounted for \$23,379,573 in revenue or 88.8% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,945,271 or 11.2% of total revenues of \$26,324,844 .
- The District had \$24,994,102 in expenses related to governmental activities; \$2,945,271 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$23,379,573 were also used to provide for these programs.

**Overview of the Financial Statements**

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

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

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

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**Government-wide Financial Statements**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The Government-wide Financial Statements answer this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Government-wide Financial Statements, the overall financial position of the District is presented as Governmental Activities. All of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

**Fund Financial Statements**

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

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

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



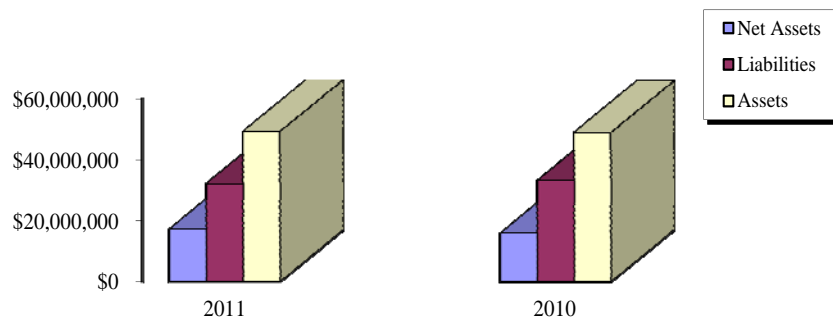
**Wyoming City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011  
(Unaudited)**

**The District as a Whole**

As stated previously, the Statement of Net Assets looks at the District as a whole. Table 1 provides a summary of the District's net assets for 2011 compared to 2010:

Table 1  
Net Assets

	Governmental Activities	
	2011	2010
Assets:		
Current and Other Assets	\$27,089,807	\$26,291,840
Capital Assets	21,955,444	22,432,505
<b>Total Assets</b>	<b>49,045,251</b>	<b>48,724,345</b>
Liabilities:		
Other Liabilities	8,793,580	9,135,848
Long-Term Liabilities	23,163,258	23,830,826
<b>Total Liabilities</b>	<b>31,956,838</b>	<b>32,966,674</b>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	699,662	933,025
Restricted	3,413,214	2,735,000
Unrestricted	12,975,537	12,089,646
<b>Total Net Assets</b>	<b>\$17,088,413</b>	<b>\$15,757,671</b>



Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$17,088,413 .

At year-end, capital assets represented 45% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2011, was \$699,662 . These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

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

A portion of the District's net assets, \$3,413,214 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current assets increased mainly due to an increase in the District's bank balance in fiscal year 2011 as compared to fiscal year 2010. Long-term liabilities decreased mainly due to the District continuing to pay down its debt obligations.

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

Table 2  
Changes in Net Assets

	Governmental Activities	
	2011	2010
Revenues:		
Program Revenues		
Charges for Services	\$1,331,443	\$1,349,398
Operating Grants, Contributions	1,613,828	1,508,906
General Revenues:		
Income Taxes	5,870,201	5,786,539
Property Taxes	10,482,992	10,180,595
Grants and Entitlements	6,539,899	6,689,698
Other	486,481	606,532
Total Revenues	<u>26,324,844</u>	<u>26,121,668</u>
Program Expenses:		
Instruction	14,023,335	13,555,134
Support Services:		
Pupil and Instructional Staff	2,846,671	2,897,347
School Administrative, General		
Administration, Fiscal and Business	2,769,588	2,606,673
Operations and Maintenance	2,217,921	2,185,065
Pupil Transportation	483,774	440,358
Central	144,944	132,853
Operation of Non-Instructional Services	694,413	639,599
Extracurricular Activities	754,760	781,878
Interest and Fiscal Charges	1,058,696	1,069,441
Total Program Expenses	<u>24,994,102</u>	<u>24,308,348</u>
Change in Net Assets	1,330,742	1,813,320
Beginning Net Assets	<u>15,757,671</u>	<u>13,944,351</u>
Ending Net Assets	<u>\$17,088,413</u>	<u>\$15,757,671</u>

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

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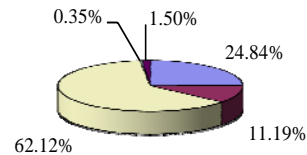
**Governmental Activities**

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

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

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 62% of revenue for governmental activities for the District in fiscal year 2011.

Revenue Sources	2011	Percent of Total
General Grants	\$6,539,899	24.84%
Program Revenues	2,945,271	11.19%
General Tax Revenues	16,353,193	62.12%
Investment Earnings	92,581	0.35%
Other Revenues	393,900	1.50%
	<u>\$26,324,844</u>	<u>100.00%</u>



Instruction comprises 56.1% of governmental program expenses. Support services expenses were 33.9% of governmental program expenses. All other expenses including interest expense were 10.0% . Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Income tax revenues increased mainly due to an increase in income tax receipts received in fiscal year 2011 as compared to fiscal year 2010. Property tax revenues increased mainly due to an increase in property tax receipts in fiscal year 2011 as compared to fiscal year 2010. Other Revenue decreased mainly due to a decrease in investment earnings. Instructional expenses increased due to an increase in personnel costs and general inflationary costs.

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

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

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction	\$14,023,335	\$13,555,134	(\$12,753,998)	(\$12,327,996)
Support Services:				
Pupil and Instructional Staff	2,846,671	2,897,347	(2,524,230)	(2,626,681)
School Administrative, General				
Administration, Fiscal and Business	2,769,588	2,606,673	(2,769,588)	(2,598,561)
Operations and Maintenance	2,217,921	2,185,065	(1,778,398)	(1,736,048)
Pupil Transportation	483,774	440,358	(390,846)	(338,749)
Central	144,944	132,853	(133,569)	(119,393)
Operation of Non-Instructional Services	694,413	639,599	(49,528)	(12,981)
Extracurricular Activities	754,760	781,878	(589,978)	(620,194)
Interest and Fiscal Charges	1,058,696	1,069,441	(1,058,696)	(1,069,441)
Total Expenses	<u>\$24,994,102</u>	<u>\$24,308,348</u>	<u>(\$22,048,831)</u>	<u>(\$21,450,044)</u>

**The District's Funds**

The District has two major governmental funds: the General Fund and Debt Service Fund. Assets of the general fund comprised \$22,469,629 (82%) and the debt service fund comprised \$2,806,922 (10%) of the total \$27,393,284 governmental funds assets.

**General Fund:** Fund balance at June 30, 2011 was \$14,454,780. The primary reason for the increase in fund balance was due to an increase in taxes revenue.

**Debt Service Fund:** Fund balance at June 30, 2011 was \$1,949,272. The fund balance remained relatively consistent in 2011 as compared to 2010.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2011, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$21,303,651, above original budget estimates of \$21,483,637. Of this \$179,986 difference, most was due to a difference in estimate for taxes and intergovernmental revenue.

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

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**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2011, the District had \$21,955,444 invested in land, buildings and improvements and equipment. Table 4 shows fiscal year 2011 balances compared to fiscal year 2010:

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

	Governmental Activities	
	2011	2010
Land	\$629,493	\$629,493
Construction in Progress	0	1,350,238
Buildings and Improvements	20,943,150	20,000,725
Equipment	382,801	452,049
Total Net Capital Assets	<u>\$21,955,444</u>	<u>\$22,432,505</u>

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

See Note 6 in the notes to the basic financial statements for further details on the District's capital assets.

*Debt*

At June 30, 2011, the District had \$22,014,174 in bonds and capital leases payable, \$906,153 due within one year. Table 5 summarizes outstanding debt at year end.

Table 5  
Outstanding Debt, at Year End

	Governmental Activities	
	2011	2010
General Obligation Bonds:		
1998B School Improvement	\$3,725,000	\$3,725,000
2006 Refunding Bonds:		
Current Interest Bonds -		
School Improvement	12,065,000	12,900,000
Capital Appreciation Bonds - Principal	2,005,000	2,005,000
Capital Appreciation Bonds - Interest Only	758,392	608,852
Premium on 2006 Refunding Bonds	755,282	813,380
Capital Leases	2,705,500	2,056,100
Total Outstanding Debt at Year End	<u>\$22,014,174</u>	<u>\$22,108,332</u>

See Note 7 and 9 in the notes to the basic financial statements for further details on the District's outstanding debt.

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

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**For the Future**

In July, 2009, the Ohio's Governor signed HB 1, the state biennium budget bill. Included in this bill was a complete overhaul of the school funding model for all school districts in Ohio. The new Ohio Evidence-Based Model (OEBM) replaces the long-standing foundation formula that was declared unconstitutional by the Ohio Supreme Court. If ever fully-funded, the new model has the potential to drive funding based on student needs and could result in additional revenue. However, the current economic crisis has reduced revenue at the state level prompting budget reduction measures across the State. As such, the funding for the OEBM started in FY10 by allocating the funding for each year based on 99% of the FY09 funding and 98% of the FY10 funding, respectively. Federal stimulus funds are being used in Ohio to balance the education budget and as such, funding for public education at the current level is not secure beyond FY11. This uncertainty could have a major impact on our instructional and operational programs. The need for additional revenue and or expenditure reductions will need to be monitored closely.

On June 30, 2011, Ohio's Governor signed HB 153, the state biennium budget bill. The impact of this bill was a slight increase in state funding for the District for both fiscal years 2011-12 and 2012-13. The Governor has indicated that he will prepare a new school funding model for Ohio school districts for fiscal year 2012-13. At this time, we do not know the details of the changes or the impact that these changes may have on our future state funding. This uncertainty could have an impact on our instructional and operational programs. The need for additional revenue and or expenditure reductions will need to be closely monitored.

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

**Contacting the District's Financial Management**

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

Wyoming City School District  
Statement of Net Assets  
June 30, 2011

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$13,795,589
Receivables:	
Taxes	12,627,133
Accounts	66,479
Interest	19,573
Intergovernmental	419,179
Deferred Bond Issuance Costs	156,174
Inventory	5,680
Nondepreciable Capital Assets	629,493
Depreciable Capital Assets, Net	<u>21,325,951</u>
 Total Assets	 <u>49,045,251</u>
Liabilities:	
Accounts Payable	226,430
Accrued Wages and Benefits	2,800,439
Accrued Interest Payable	76,276
Unearned Revenue	5,690,435
Long-Term Liabilities:	
Due Within One Year	1,301,494
Due In More Than One Year	<u>21,861,764</u>
 Total Liabilities	 <u>31,956,838</u>
Net Assets:	
Invested in Capital Assets, Net of Related Debt	699,662
Restricted for:	
Debt Service	1,923,556
Capital Projects	1,277,940
District Managed Student Activities	86,402
Other Purposes	18,948
Federal Grants	106,368
Unrestricted	<u>12,975,537</u>
 Total Net Assets	 <u><u>\$17,088,413</u></u>

See accompanying notes to the basic financial statements.

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

	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services and Sales	Operating Grants and Contributions	and Changes in Net Assets Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$11,510,913	\$405,124	\$377,410	(\$10,728,379)
Special	2,387,700	18,012	426,159	(1,943,529)
Vocational	106,326	0	9,403	(96,923)
Other	18,396	33,229	0	14,833
<b>Support Services:</b>				
Pupil	1,722,340	192,822	5,000	(1,524,518)
Instructional Staff	1,124,331	0	124,619	(999,712)
General Administration	225,222	0	0	(225,222)
School Administration	1,612,827	0	0	(1,612,827)
Fiscal	930,426	0	0	(930,426)
Business	1,113	0	0	(1,113)
Operations and Maintenance	2,217,921	52,650	386,873	(1,778,398)
Pupil Transportation	483,774	31,973	60,955	(390,846)
Central	144,944	0	11,375	(133,569)
Operation of Non-Instructional Services	694,413	432,851	212,034	(49,528)
Extracurricular Activities	754,760	164,782	0	(589,978)
Interest and Fiscal Charges	1,058,696	0	0	(1,058,696)
<b>Total Governmental Activities</b>	<b>\$24,994,102</b>	<b>\$1,331,443</b>	<b>\$1,613,828</b>	<b>(22,048,831)</b>

<b>General Revenues:</b>	
Income Taxes	5,870,201
<b>Property Taxes Levied for:</b>	
General Purposes	8,605,560
Debt Service Purposes	1,475,675
Capital Projects Purposes	401,757
Grants and Entitlements not Restricted	6,539,899
Unrestricted Contributions	168,219
Investment Earnings	92,581
Other Revenues	225,681
<b>Total General Revenues</b>	<b>23,379,573</b>
Change in Net Assets	1,330,742
Net Assets Beginning of Year	15,757,671
Net Assets End of Year	<b>\$17,088,413</b>

See accompanying notes to the basic financial statements.



Wyoming City School District  
Balance Sheet  
Governmental Funds  
June 30, 2011

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$11,158,956	\$1,342,272	\$1,294,361	\$13,795,589
<b>Receivables:</b>				
Taxes	10,765,995	1,464,650	396,488	12,627,133
Accounts	66,479	0	0	66,479
Interest	18,548	0	1,025	19,573
Intergovernmental	0	0	419,179	419,179
Interfund	459,651	0	0	459,651
Inventory	0	0	5,680	5,680
<b>Total Assets</b>	<b>22,469,629</b>	<b>2,806,922</b>	<b>2,116,733</b>	<b>27,393,284</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable	205,878	0	20,552	226,430
Accrued Wages and Benefits	2,776,589	0	23,850	2,800,439
Compensated Absences	112,772	0	0	112,772
Interfund Payable	0	0	459,651	459,651
Deferred Revenue	4,919,610	857,650	646,298	6,423,558
<b>Total Liabilities</b>	<b>8,014,849</b>	<b>857,650</b>	<b>1,150,351</b>	<b>10,022,850</b>
<b>Fund Balances:</b>				
Nonspendable	0	0	5,680	5,680
Restricted	0	1,949,272	1,387,746	3,337,018
Assigned	82,493	0	0	82,493
Unassigned	14,372,287	0	(427,044)	13,945,243
<b>Total Fund Balances</b>	<b>14,454,780</b>	<b>1,949,272</b>	<b>966,382</b>	<b>17,370,434</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$22,469,629</b>	<b>\$2,806,922</b>	<b>\$2,116,733</b>	<b>\$27,393,284</b>

See accompanying notes to the basic financial statements.

Wyoming City School District  
 Reconciliation of Total Governmental Fund Balance to  
 Net Assets of Governmental Activities  
 June 30, 2011

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Total Governmental Fund Balance		\$17,370,434
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		21,955,444
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	\$310,272	
Interest	8,485	
Intergovernmental	<u>414,366</u>	
		733,123
In the statement of net assets interest payable is accrued when incurred, whereas in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		(76,276)
Some liabilities reported in the statement of net assets do not require the use of current financial resources and therefore are not reported as liabilities in governmental funds.		
Compensated Absences		(1,036,312)
Deferred bond issuance cost associated with long-term liabilities are not reported in the funds.		156,174
Long-term liabilities, are not due and payable in the current period and therefore are not reported in the funds.		<u>(22,014,174)</u>
Net Assets of Governmental Activities		<u><u>\$17,088,413</u></u>

See accompanying notes to the basic financial statements.

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

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$14,521,182	\$1,482,369	\$403,483	\$16,407,034
Tuition and Fees	681,161	0	0	681,161
Investment Earnings	98,302	0	8,039	106,341
Intergovernmental	6,463,172	220,627	1,072,886	7,756,685
Extracurricular Activities	19,741	0	145,041	164,782
Charges for Services	0	0	432,851	432,851
Other Revenues	331,817	0	114,732	446,549
<b>Total Revenues</b>	<b>22,115,375</b>	<b>1,702,996</b>	<b>2,177,032</b>	<b>25,995,403</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	11,016,006	0	343,362	11,359,368
Special	1,921,337	0	278,857	2,200,194
Vocational	106,326	0	0	106,326
Other	18,396	0	0	18,396
<b>Support Services:</b>				
Pupil	1,755,639	0	5,000	1,760,639
Instructional Staff	916,459	0	114,947	1,031,406
General Administration	225,222	0	0	225,222
School Administration	1,715,374	0	0	1,715,374
Fiscal	910,599	19,025	6,506	936,130
Business	1,113	0	0	1,113
Operations and Maintenance	1,565,925	0	386,873	1,952,798
Pupil Transportation	387,755	0	35,071	422,826
Central	120,080	0	11,375	131,455
Operation of Non-Instructional Services	4,583	0	686,761	691,344
Extracurricular Activities	483,587	0	240,127	723,714
Capital Outlay	177,060	0	557,098	734,158
<b>Debt Service:</b>				
Principal Retirement	43,600	835,000	190,000	1,068,600
Interest and Fiscal Charges	81,920	820,550	53,511	955,981
<b>Total Expenditures</b>	<b>21,450,981</b>	<b>1,674,575</b>	<b>2,909,488</b>	<b>26,035,044</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>664,394</b>	<b>28,421</b>	<b>(732,456)</b>	<b>(39,641)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds of Long-Term Capital-Related Debt	0	0	883,000	883,000
Transfers In	0	0	35,000	35,000
Transfers (Out)	(35,000)	0	0	(35,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(35,000)</b>	<b>0</b>	<b>918,000</b>	<b>883,000</b>
<b>Net Change in Fund Balance</b>	<b>629,394</b>	<b>28,421</b>	<b>185,544</b>	<b>843,359</b>
<b>Fund Balance Beginning of Year, Restated</b>	<b>13,825,386</b>	<b>1,920,851</b>	<b>780,838</b>	<b>16,527,075</b>
<b>Fund Balance End of Year</b>	<b>\$14,454,780</b>	<b>\$1,949,272</b>	<b>\$966,382</b>	<b>\$17,370,434</b>

See accompanying notes to the basic financial statements.

Wyoming City School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2011

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Net Change in Fund Balance - Total Governmental Funds		\$843,359
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.</p>		
Capital assets used in governmental activities	\$358,824	
Depreciation Expense	<u>(835,885)</u>	(477,061)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Delinquent Property Taxes	(53,841)	
Interest	(13,761)	
Intergovernmental	<u>397,043</u>	329,441
<p>Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>		
		1,068,600
<p>In the statement of activities interest expense is accrued when incurred, whereas in governmental funds an interest expenditure is reported when due.</p>		
		741
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Compensated Absences	552,118	
Deferred Bond Issuance Cost Amortization	(12,014)	
Amortization of Bond Premium	58,098	
Bond Accretion	<u>(149,540)</u>	448,662
<p>Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net assets.</p>		
		<u>(883,000)</u>
Change in Net Assets of Governmental Activities		<u><u>\$1,330,742</u></u>

See accompanying notes to the basic financial statements.

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

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	Private Purpose Trust Fund	Agency
Assets:		
Equity in Pooled Cash and Investments	\$12,366	\$135,234
Receivables:		
Accounts	0	390
Interest	20	0
Total Assets	<u>12,386</u>	<u>135,624</u>
Liabilities:		
Accounts Payable	0	10,519
Other Liabilities	0	125,105
Total Liabilities	<u>0</u>	<u>\$135,624</u>
Net Assets:		
Held in Trust	<u>12,386</u>	
Total Net Assets	<u>\$12,386</u>	

See accompanying notes to the basic financial statements.

Wyoming City School District  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2011

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	<u>Private Purpose Trust Fund</u>
Additions:	
Donations	\$100
Investment Earnings	86
	<hr/>
Total Additions	186
	<hr/>
Deductions:	
Scholarships	100
	<hr/>
Total Deductions	100
	<hr/>
Change in Net Assets	86
	<hr/>
Net Assets Beginning of Year	12,300
	<hr/>
Net Assets End of Year	<u>\$12,386</u>

See accompanying notes to the basic financial statements.

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

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**Note 1 – Description of the District**

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

The District operates under a locally elected 5 member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by approximately 80 non-certificated personnel and approximately 158 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is the 13<sup>th</sup> largest in Hamilton County in terms of enrollment. The District currently operates 3 primary schools, 1 middle school (grades 5-8), and 1 high school (grades 9-12).

**Reporting Entity**

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

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

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

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

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The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below.

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

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**Measurement Focus**

**Government-wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

Private purpose trust funds are reported using the economic resources measurement focus.

**Fund Accounting**

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



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

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**Governmental Funds**

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

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

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

**Fiduciary Funds**

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

**Basis of Accounting**

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

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

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Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Unearned Revenue

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

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

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Expenses/Expenditures

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

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

**Equity in Pooled Cash and Investments**

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

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

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund amounted to \$98,302 and \$8,039 credited to other governmental funds.

**Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the purchase method on the fund level statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance assignment in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

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

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**Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

**Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

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

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

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**Net Assets**

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Of the District's \$3,413,214 in restricted net assets, none were restricted by enabling legislation.

**Interfund Activity**

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

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

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

**Fund Balance**

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

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

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Assigned – resources that are intended to be used for specific purposes as approved through the District’s formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net assets are available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be uses.

**Estimates**

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

**Note 3 – Equity in Pooled Cash and Investments**

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

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

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

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.

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

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

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

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

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

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**Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2011, \$5,786,301 of the District's bank balance of \$7,076,375 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

**Investments**

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
Federal Home Loan Bank	\$1,742,795	1.14
Freddie Mac (FHLMC)	1,501,801	1.59
Freddie Mac - Discount Note	649,989	0.08
Fannie Mae - Discount Note	174,998	0.05
U.S. Treasury Bill	1,174,542	2.00
Commercial Paper	249,288	0.49
Fannie Mae (FNMA)	1,133,804	2.04
Federal Home Loan Bank - Discount Notes	374,996	0.06
Money Market Funds	397,066	0.00
Total Fair Value	\$7,399,279	
Portfolio Weighted Average Maturity		1.25

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



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

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Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Bank, Freddie Mac, Freddie Mac – Discount Note, Fannie Mae – Discount Note, Fannie Mae and Federal Home Loan Bank – Discount Notes were rated Aaa by Standard & Poor’s and Fitch Ratings and Aaa by Moody’s Investors Service. Commercial Paper was rate A-1+ by Standard & Poor’s and Fitch Ratings and P-1 by Moody’s Investors Service. Money Market Funds and U.S. Treasury Bill are not rated.

Concentration of Credit Risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 24% in Federal Home Loan Bank, 20% in Freddie Mac, 9% in Freddie Mac – Discount Note, 2% in Fannie Mae – Discount Note, 16% U.S. Treasury Bill, 15% in Fannie Mae, 5% Federal Home Loan Bank – Discount Notes, 3% in Commercial Paper and 6% in Money Market Funds.

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

**Note 4 – Property Taxes**

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Real property taxes collected in 2011 were levied in April on the assessed values as of January 1, 2010, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update ever third year.

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

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property tax) represents the collection of 2011 taxes levied against local and interexchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after April 1, 2010, on the value as of December 31, 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Real property taxes are payable annually or semi-annually. In 2011, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on June 20th.

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2011. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2011. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2011, was \$3,458,000 for the General Fund, \$607,000 for the Debt Service Fund and \$165,000 for Other Governmental Funds and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2011 operations.

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

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

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$299,436,090
Public Utility Personal	<u>3,312,790</u>
Total	<u><u>\$302,748,880</u></u>

**Income Tax**

The District levies a voted tax of 1.25% for general operations on the income of residents and of estates. The tax was first approved in 1989 at 0.75%. In 1994, the community approved an additional 0.50% income tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**Note 5 – Receivables**

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

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

**Note 6 – Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$629,493	\$0	\$0	\$629,493
Construction in Progress	1,350,238	358,824	1,709,062	0
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	31,062,060	1,709,062	0	32,771,122
Equipment	<u>2,442,724</u>	<u>0</u>	<u>0</u>	<u>2,442,724</u>
Totals at Historical Cost	<u>35,484,515</u>	<u>2,067,886</u>	<u>1,709,062</u>	<u>35,843,339</u>
Less Accumulated Depreciation:				
Buildings and Improvements	11,061,335	766,637	0	11,827,972
Equipment	<u>1,990,675</u>	<u>69,248</u>	<u>0</u>	<u>2,059,923</u>
Total Accumulated Depreciation	<u>13,052,010</u>	<u>835,885</u>	<u>0</u>	<u>13,887,895</u>
Governmental Activities Capital Assets, Net	<u>\$22,432,505</u>	<u>\$1,232,001</u>	<u>\$1,709,062</u>	<u>\$21,955,444</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$429,056
Special	21,936
Support Services:	
Pupil	8,083
Instructional Staff	113,082
School Administration	23,382
Fiscal	7,666
Operations and Maintenance	125,779
Pupil Transportation	60,948
Central	8,356
Operation of Non-Instructional Services	6,763
Extracurricular Activities	30,834
Total Depreciation Expense	<u>\$835,885</u>

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

**Note 7 – Long-Term Liabilities**

	Interest Rate	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
<b>Governmental Activities:</b>						
General Obligation Bonds:						
1998B School Improvement	4.97%	\$3,725,000	\$0	\$0	\$3,725,000	\$0
2006 Refunding Bonds:						
Current Interest Bonds -						
School Improvement	3.95%-5.75%	12,900,000	0	835,000	12,065,000	0
Capital Appreciation Bonds - Principal	3.95%-5.75%	2,005,000	0	0	2,005,000	615,753
Capital Appreciation Bonds - Interest Only		608,852	149,540	0	758,392	0
Premium on 2006 Refunding Bonds		813,380	0	58,098	755,282	0
Total General Obligation Bonds		20,052,232	149,540	893,098	19,308,674	615,753
Capital Leases		2,056,100	883,000	233,600	2,705,500	290,400
Total Long Term Debt		22,108,332	1,032,540	1,126,698	22,014,174	906,153
Compensated Absences		1,722,494	85,650	659,060	1,149,084	395,341
Total Governmental Activities		<u>\$23,830,826</u>	<u>\$1,118,190</u>	<u>\$1,785,758</u>	<u>\$23,163,258</u>	<u>\$1,301,494</u>

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

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

Fiscal Year Ending June 30	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$0	\$805,937	\$805,937	\$615,753	\$254,247	\$870,000
2013	0	805,938	805,938	681,485	333,515	1,015,000
2014	635,000	787,681	1,422,681	240,079	144,921	385,000
2015	690,000	749,588	1,439,588	217,987	152,013	370,000
2016	740,000	708,492	1,448,492	249,696	195,304	445,000
2017-2021	7,380,000	2,561,425	9,941,425	0	0	0
2022-2025	6,345,000	516,325	6,861,325	0	0	0
Total	<u>\$15,790,000</u>	<u>\$6,935,386</u>	<u>\$22,725,386</u>	<u>\$2,005,000</u>	<u>\$1,080,000</u>	<u>\$3,085,000</u>

**Note 8 – Prior Year Defeasance of Debt**

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the District's financial statements. On June 30, 2011, \$16,425,000 of bonds outstanding are considered defeased.

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

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**Note 9 – Capital Leases**

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

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

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

In fiscal year 2011, the capital lease proceeds that were recorded in the Permanent Improvement Fund relates to the HB264 Energy Improvements for the District. The District is leasing the project from the Columbus Regional Airport Authority. Columbus Regional Airport Authority will retain title to the project during the lease term. Columbus Regional Airport Authority assigned U.S. Bank National Association as trustee. U.S. Bank National Association deposited \$883,000 in the District’s name for the HB264 Energy Improvements. The District made an interest payment to U.S. Bank National Association. The lease is renewable annually and expires on December 1, 2025. The intention of the District is to renew the lease annually. The District will begin making principal payments in fiscal year 2012. The trustee entered into an Interest Rate Exchange Agreement with respect to the loan, locking in the rate at 3.50% plus an annual administrative fee.

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

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

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<u>Fiscal Year Ending June 30,</u>	<u>Long-Term Debt</u>
2012	\$429,170
2013	428,260
2014	428,231
2015	264,672
2016	202,488
2017-2021	973,842
2022-2026	<u>971,021</u>
Total Minimum Lease Payments	3,697,684
Less: Amount Representing Interest	(978,775)
Less: Additional Program Cost Component	<u>(13,409)</u>
Present Value of Minimum Lease Payments	<u>\$2,705,500</u>

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

Buildings and Improvements	\$4,100,000
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**Note 10 - Pension Plans**

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**School Employees Retirement System of Ohio**

Plan Description

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2011, 2010, and 2009

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

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were \$454,416, \$411,408, and \$445,440, respectively; 58% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

**State Teachers Retirement System of Ohio**

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 is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

Plan Options

New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits

Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

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

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DC Plan Benefits

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits

Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio's public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

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

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalizations, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.



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

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Funding Policy

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2011, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2011, 2010, and 2009 were \$1,552,104, \$1,537,248, and \$1,504,044, respectively; 83% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

**Note 11- Post Employment Benefits**

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**School Employees Retirement System of Ohio**

Plan Description

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 depending on their income; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76%. District contributions for the year ended June 30, 2011, 2010 and 2009 were \$24,668, \$22,334 and \$23,863, respectively, which equaled the required contributions each year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

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

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The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2011, 2010, and 2009 were \$46,415, \$13,518, and \$132,359, respectively; 58% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

### **State Teachers Retirement System of Ohio**

#### Plan Description

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan and a Combined Plan that is a hybrid of the Defined Benefit and the Defined Contribution Plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

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

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STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free 1-888-227-7877.

**Funding Policy**

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2011, 2010 and 2009. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2011, 2010, and 2009 were \$110,865, \$109,803, and \$107,432, respectively; 83% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

**Note 12 – Contingent Liabilities**

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**Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2011.

**Litigation**

The District's attorney estimates that there are no potential claims against the District that are not covered by insurance resulting from litigation.

**Note 13 – Risk Management**

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The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the District contracted with Ohio Casualty Insurance Company for property and fleet insurance, liability insurance, and inland marine coverage. Coverage's provided by Ohio Casualty Insurance Company are as follows:

Building and Contents - Replacement Cost	\$59,052,619
Inland Marine Coverage	1,480,750
Boiler and Machinery	No Limit
Crime Insurance	100,000
Automobile Liability	2,000,000
Uninsured Motorist	2,000,000
General Liability	

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

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Per Occurrence	2,000,000
Total Per Year	2,000,000

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

For fiscal year 2011, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control and actuarial services to the GRP.

**Note 14 – Jointly Governed Organizations**

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

The District is a participant in the Hamilton/Clermont Cooperative Association (HCCA) which is a computer consortium A-site used by the District. HCCA is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of the School consists of one representative from each of the participating members. The degree of control exercised by any participating district is limited to its representation on the board.

**Note 15 – Claims Servicing Pool**

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The District participates as a member of the Greater Cincinnati Insurance Consortium (GCIC), a shared risk pool, comprised on twelve Hamilton County school districts and the Hamilton County Educational Service Center. Decisions concerning the operation of the consortium are made by a Board of Directors consisting of one (1) representative selected from each participating district and the educational service center. Each member pays an administrative fee to the pool. The Consortium converted from a fully-insured consortium through an independent third party insurance company to a self-funded insurance consortium with stop loss insurance

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

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coverage effective July 1, 2007. Anthem Blue Cross Blue Shield provides claim review and processing.

**Note 16 – Accountability**

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

<u>Other Governmental Funds:</u>	<u>Deficit</u>
Education Jobs	\$301,337
Special Education	39,827
Title I	16,953
Food Service	63,247

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

**Note 17 – Fund Balance Reserves for Set-Asides**

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2010	(\$4,347,391)	\$0
Current Year Set-aside Requirement	319,313	319,313
Qualified Disbursements	(748,303)	(238,393)
Current Year Offsets	0	(80,920)
Set-aside Reserve Balance as of June 30, 2011	<u>(\$4,776,381)</u>	<u>\$0</u>

Qualifying disbursements and carryover from prior years for textbooks totaled \$5,095,694, resulting in \$4,776,381 for carryover to offset textbook requirements in future years. Qualifying disbursements for capital exceeded the required amount, however nothing can be carried forward to future years.

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

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**Note 18 – Interfund Transactions**

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Interfund transactions at June 30, 2011, consisted of the following interfund receivables, interfund payables, transfers in and transfers out:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$459,651	\$0	\$0	\$35,000
Other Governmental Funds	<u>0</u>	<u>459,651</u>	<u>35,000</u>	<u>0</u>
Total All Funds	<u>\$459,651</u>	<u>\$459,651</u>	<u>\$35,000</u>	<u>\$35,000</u>

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

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

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**Note 19 – Fund Balances**

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Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Debt Service	Other Governmental Funds	Total
<b>Nonspendable:</b>				
Inventory	\$0	\$0	\$5,680	\$5,680
<b>Total Nonspendable</b>	0	0	5,680	5,680
<b>Restricted for:</b>				
Other Grants	0	0	15,797	15,797
Student Activity	0	0	86,402	86,402
Auxiliary Services	0	0	3,103	3,103
Vocational Education	0	0	1,985	1,985
Title III Limited English Proficiency	0	0	2,023	2,023
Improving Teacher Quality	0	0	6,284	6,284
Debt Service	0	1,949,272	0	1,949,272
Permanent Improvement	0	0	1,272,152	1,272,152
<b>Total Restricted</b>	0	1,949,272	1,387,746	3,337,018
<b>Assigned to:</b>				
Encumbrances	82,493	0	0	82,493
<b>Total Assigned</b>	82,493	0	0	82,493
<b>Unassigned (Deficit)</b>	14,372,287	0	(427,044)	13,945,243
<b>Total Fund Balance</b>	\$14,454,780	1,949,272	\$966,382	\$17,370,434

**Note 20 – Change in Accounting Principles and Restatement of Fund Balance**

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**Change in Accounting Principles**

For fiscal year 2011, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB 54 shifts the focus of fund balance reporting from the availability of fund resources for budgeting to the extent to which the District is bound to honor constraints on the specific purposes for which amounts in funds can be spent.

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

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**Restatement of Fund Balance**

The implementation of GASB 54 had the following effects on fund balance of the following major and non-major (other governmental) funds of the District as they were previously reported.

	General Fund	Other Governmental Funds
	<u>                    </u>	<u>                    </u>
Fund Balance, June 30, 2010	\$13,776,393	\$829,831
Change in Fund Structure	48,993	(48,993)
Fund Balance, June 30, 2010 - Restated	<u><u>\$13,825,386</u></u>	<u><u>\$780,838</u></u>



# **REQUIRED SUPPLEMENTARY INFORMATION**

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$14,265,150	\$14,145,639	\$14,152,076	\$6,437
Tuition and Fees	497,014	492,850	493,074	224
Investment Earnings	96,086	95,281	95,324	43
Intergovernmental	6,514,812	6,460,232	6,463,172	2,940
Other Revenues	110,522	109,596	109,646	50
<b>Total Revenues</b>	<b>21,483,584</b>	<b>21,303,598</b>	<b>21,313,292</b>	<b>9,694</b>
Expenditures:				
Current:				
Instruction:				
Regular	11,654,513	11,578,379	10,715,313	863,066
Special	2,152,807	2,138,743	1,979,319	159,424
Vocational	105,475	104,786	96,975	7,811
Other	21,197	21,059	19,489	1,570
Support Services:				
Pupil	1,698,696	1,687,599	1,561,803	125,796
Instructional Staff	1,074,842	1,067,821	988,224	79,597
General Administration	269,329	267,570	247,625	19,945
School Administration	1,899,410	1,887,002	1,746,343	140,659
Fiscal	1,015,082	1,008,451	933,280	75,171
Business	1,211	1,203	1,113	90
Operations and Maintenance	1,677,736	1,666,776	1,542,533	124,243
Pupil Transportation	427,007	424,218	392,596	31,622
Central	134,277	133,400	123,456	9,944
Operation of Non-Instructional Services	0	0	0	0
Extracurricular Activities	535,378	531,881	492,234	39,647
Capital Outlay	353,772	351,461	325,263	26,198
Debt Service:				
Principal Retirement	47,422	47,112	43,600	3,512
Interest and Fiscal Charges	89,100	88,518	81,920	6,598
<b>Total Expenditures</b>	<b>23,157,254</b>	<b>23,005,979</b>	<b>21,291,086</b>	<b>1,714,893</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,673,670)</b>	<b>(1,702,381)</b>	<b>22,206</b>	<b>1,724,587</b>
Other Financing Sources (Uses):				
Advances In	10,886	10,795	10,800	5
Advances (Out)	(434,899)	(432,058)	(399,852)	32,206
Transfers (Out)	(38,068)	(37,819)	(35,000)	2,819
<b>Total Other Financing Sources (Uses)</b>	<b>(462,081)</b>	<b>(459,082)</b>	<b>(424,052)</b>	<b>35,030</b>
<b>Net Change in Fund Balance</b>	<b>(2,135,751)</b>	<b>(2,161,463)</b>	<b>(401,846)</b>	<b>1,759,617</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	11,157,616	11,157,616	11,157,616	0
<b>Fund Balance End of Year</b>	<b>\$9,021,865</b>	<b>\$8,996,153</b>	<b>\$10,755,770</b>	<b>\$1,759,617</b>

See accompanying notes to the required supplementary information.

**Wyoming City School District**  
**Notes to the Required Supplementary Information**  
**For The Year Ended June 30, 2011**

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**Note 1 – Budgetary Process**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2011.

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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

**Wyoming City School District**  
**Notes to the Required Supplementary Information**  
**For The Year Ended June 30, 2011**

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$629,394
Revenue Accruals	(802,083)
Expenditure Accruals	415,500
Advances In	10,800
Advances (Out)	(399,852)
Encumbrances	<u>(255,605)</u>
Budget Basis	<u><u>(\$401,846)</u></u>

**WYOMING CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<b><i>Passed Through Ohio Department of Education:</i></b>						
<b>Child Nutrition Cluster</b>						
Food Commodity Distribution Program	n/a	10.555	\$ -	\$ 15,239	\$ -	\$ 15,239
National School Lunch Program	3L60	10.555	49,004		49,004	
Total Child Nutrition Cluster			49,004	15,239	49,004	15,239
<b>Total U.S. Department of Agriculture</b>			<b>49,004</b>	<b>15,239</b>	<b>49,004</b>	<b>15,239</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<b><i>Passed Through Ohio Department of Education:</i></b>						
<b>Special Education Cluster</b>						
Title VI-B: Special Education Grants to States	3M20	84.027	273,815	-	214,160	-
ARRA-Title VI-B: Special Education Grants to States		84.391	-	-	114,472	-
Special Education - Preschool Grant	3C50	84.173	535	-	5,348	-
Total Special Education Cluster			274,350	-	333,980	-
Education Jobs Fund		84.410	-	-	301,337	-
ARRA-State Fiscal Stabilization Fund	GRF	84.394	437,133	-	437,133	-
Title II-D - Technology Literacy Challenge Fund Grants	3S20	84.318	187	-	716	-
Improving Teacher Quality	3Y60	84.367	33,970	-	30,876	-
Title I: Grants to Local Educational Agencies	3M00	84.010	44,414	-	59,708	-
<b><i>Passed Through Hamilton County Educational Service Center:</i></b>						
Title III - Limited English Proficiency	T3S2	84.365	2,173	-	520	-
<b><i>Passed Through Great Oaks Institute of Technology:</i></b>						
Vocational Education - Carl D. Perkins Act of 1984	20C2	84.048	4,062	-	2,260	-
<b>Total U.S. Department of Education</b>			<b>796,289</b>	<b>-</b>	<b>1,166,530</b>	<b>-</b>
<b>Total</b>			<b>\$ 845,293</b>	<b>\$ 15,239</b>	<b>\$ 1,215,534</b>	<b>\$ 15,239</b>

*The accompanying notes are an integral part of this schedule.*

**WYOMING CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Wyoming City School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

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

**NOTE C – FOOD DONATION PROGRAM**

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

**NOTE D - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# 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*

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wyoming City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2011, wherein we noted the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54 which collectively comprise the District's basic financial statements and have issued our report thereon dated February 21, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242  
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

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Wyoming City School District  
Hamilton County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 21, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

February 21, 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

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

To the Board of Education:

### Compliance

We have audited the compliance of Wyoming City School District, Hamilton County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Wyoming City School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

As described in findings 2011-01 and 2011-02 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding reporting applicable to its State Fiscal Stabilization Fund major federal program and also did not comply with the requirements regarding period of availability applicable to its Education Jobs major federal program. Compliance with these requirements is necessary, in our opinion, for the District to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Wyoming City 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 year ended June 30, 2011.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal

programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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 certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-01 and 2011-02 to be material weaknesses.

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

We intend this report solely for the information and use of the audit committee, management, 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 21, 2012

**WYOMING CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified – State Fiscal Stabilization Fund and Education Jobs Fund Unqualified – Special Education Cluster
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster – CFDA #84.027, #84.391, #84.173 State Fiscal Stabilization Fund – CFDA # 84.394 Education Jobs Fund – CFDA #84.410
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**Noncompliance/Material Weakness - Reporting**

<b>Finding Number</b>	2011-01
<b>CFDA Title and Number</b>	State Fiscal Stabilization Fund – 84.394
<b>Federal Award Number / Year</b>	2011
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**The American Recovery and Reinvestment Act of 2009 (ARRA), Section 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 subgrants 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. Districts must report applicable vendor payments in the quarter the payment occurred, and in subsequent quarters thereafter, for the life of the ARRA award.

During FY 2011, Duke Energy was reported for the third and fourth quarters of 2010, but no vendors were reported for the first and second quarters of 2011. Vendors are required to be reported in the quarter the payment occurred and in subsequent quarters thereafter for the life of the ARRA award, so Duke Energy should have been reported for the first and second quarters of 2011 also. In addition, there was a payment to Duke Energy in June 2011 that exceeded \$25,000 and required Duke Energy to be reported for the second quarter 2011.

The District should report all vendors receiving single payments of \$25,000 on the ODE 1512 ARRA Subrecipient Vendor report in the quarter the payment occurred and in subsequent quarters thereafter for the life of the ARRA award. Noncompliance with 1512 reporting requirements could result in temporary suspension or permanent loss of Federal Recovery funding.

**Officials’ Response:**

The Wyoming City School District understands the need to file all required state and federal reports and is committed to meeting these mandates in a timely manner in future years.

**Noncompliance/Material Weakness/Questioned Costs – Period of Availability**

<b>Finding Number</b>	2011-02
<b>CFDA Title and Number</b>	Education Jobs – 84.410
<b>Federal Award Number / Year</b>	2011
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**34 CFR 80.23(a)** provides where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period.

The Ed Jobs program supports educational and related services during the 2010-2011 and 2011-2012 school years. The funds are available for obligations that occur as of August 10, 2010 (the date of enactment of Pub. L. No. 111-226) through September 30, 2012. This period includes the additional year of fund availability authorized under the Tydings Amendment (Section 421(b)(b) of the General Education Provisions Act, 20 USC 1225(b)(1)) (Section 101(3) of Pub. L. No. 111-226).

The District re-allocated five teachers' salaries from the General fund to the Ed Jobs fund at the end of the fiscal year. The amounts re-allocated included pay periods from July and August 2010, before the period of availability began for the Ed Jobs program. Payroll expenditures charged to the Ed Jobs program that occurred before August 10, 2010 totaled \$44,591. We therefore are questioning \$44,591 of Ed Jobs expenditures.

Failure to comply with federal requirements could result in the District having to repay federal funds or lose federal funding.

We recommend the District verify expenditures occur within the period of availability when charging them to federal grants.

**Officials' Response:**

The Wyoming City School District understands the need to file all required state and federal reports and is committed to meeting these mandates in a timely manner in future years.

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**WYOMING CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-01	The Wyoming City School District understands the need to file all required state and federal reports and is committed to meeting these mandates in a timely manner in future years.	February 21, 2012	Ronda Johnson, Treasurer
2011-02	The Wyoming City School District understands the need to file all required state and federal reports and is committed to meeting these mandates in a timely manner in future years.	February 21, 2012	Ronda Johnson, Treasurer

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**WYOMING CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
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; <b><i>Explain</i></b>
2010-001	Accrued wages calculation error	Yes	
2010-002	District did not report all ARRA money expenditures on the 1512 ARRA Subrecipient Vendor Report	No	This is being cited for SFSF FACCR.

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Directors:

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 procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Wyoming City School District, Hamilton County, Ohio (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. In our report dated February 21, 2012, we noted the Board adopted an updated anti-harassment policy on February 17, 2011. This policy included all matters required by Ohio Rev. Code 3313.666.

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 District's sponsor and is not intended to be and should not be used by anyone other than these specified parties.

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

**Dave Yost**  
Auditor of State

February 21, 2012





# Dave Yost • Auditor of State

**WYOMING CITY SCHOOL DISTRICT**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 29, 2012**