



Dave Yost • Auditor of State

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Wynford Local School District
Crawford County
3288 Holmes Center Road
Bucyrus, Ohio 44820

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wynford Local School District, Crawford County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 Wynford Local School District, Crawford County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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
Columbus, Ohio

March 11, 2014

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**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED**

The management's discussion and analysis of the Wynford Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- The District restated net position at June 30, 2012 as described in Note 3.A to the basic financial statements. In total, net position of governmental activities decreased \$358,072, which represents an 8.54% decrease from fiscal year 2012.
- General revenues accounted for \$8,949,839 in revenue or 76.96% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,679,373 in revenue or 23.04% of total revenues of \$11,629,212.
- The District had \$11,987,284 in expenses related to governmental activities; \$2,679,373 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$8,949,839 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$9,943,182 in revenues and \$10,488,101 in expenditures and other financing uses. During fiscal year 2013, the general fund's fund balance decreased \$544,919 from \$868,093 to \$323,174.
- The bond retirement fund had \$606,367 in revenues and \$540,908 in expenditures. During fiscal year 2013, the bond retirement fund's fund balance increased \$65,459 from \$848,693 to \$914,152.

Using the Basic Financial Statements (BFS)

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 position 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. In the case of the District, the general fund and bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during fiscal year 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take 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 position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 12. 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. The District's major governmental funds are the general fund and bond retirement fund.

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 financial 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 position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Proprietary Funds

The District maintains one proprietary fund, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for a medical/hospitalization, prescription drug and dental self-insurance program. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. This activity is reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 27-28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29-61 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

Certain asset, deferred outflows of resources, liability, deferred inflows of resources, and net position classifications have been restated by the District for fiscal year 2012 to conform to fiscal year 2013 presentation in accordance with GASB Statement No. 63 and GASB Statement No. 65. The net position of the District was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The table below provides a summary of the District's net position at June 30, 2013 and June 30, 2012.

	Net Position	
	Governmental Activities 2013	(Restated) Governmental Activities 2012
<u>Assets</u>		
Current assets	\$ 5,918,439	\$ 6,435,578
Capital assets, net	7,288,060	7,453,152
Total assets	<u>13,206,499</u>	<u>13,888,730</u>
<u>Deferred Outflows of Resources</u>	<u>96,907</u>	<u>114,798</u>
<u>Liabilities</u>		
Current liabilities	1,222,650	1,332,054
Long-term liabilities	<u>5,702,404</u>	<u>6,005,831</u>
Total liabilities	<u>6,925,054</u>	<u>7,337,885</u>
<u>Deferred Inflows of Resources</u>	<u>2,541,478</u>	<u>2,470,697</u>
<u>Net Position</u>		
Net investment in capital assets	2,345,611	2,203,306
Restricted	904,317	1,021,426
Unrestricted	<u>586,946</u>	<u>970,214</u>
Total net position	<u>\$ 3,836,874</u>	<u>\$ 4,194,946</u>

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

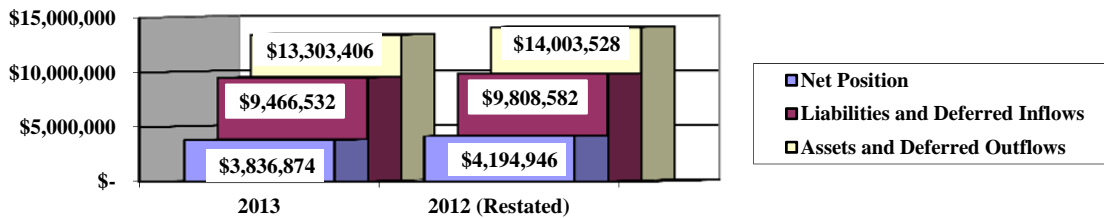
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3,836,874. Of this total, \$586,946 is unrestricted in use.

At fiscal year end, capital assets represented 55.19% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. The District's net investment in capital assets at June 30, 2013 was \$2,345,611. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$904,317, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$586,946 may be used to meet the District's ongoing obligations to the students and creditors.

The net position of the District was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The graph below illustrates the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position at June 30, 2013 and June 30, 2012.

Governmental Activities



The net position of the District was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The table below shows the changes in net position for governmental activities for fiscal years 2013 and 2012.

	Change in Net Position	
	Governmental Activities 2013	(Restated) Governmental Activities 2012
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,483,619	\$ 1,298,875
Operating grants and contributions	1,195,754	1,299,504
General revenues:		
Property taxes	3,688,060	3,983,012
Grants and entitlements	5,212,164	5,551,020
Investment earnings	10,070	15,261
Other	39,545	40,349
Total revenues	11,629,212	12,188,021

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Expenses

Program expenses:		
Instruction:		
Regular	4,454,933	4,552,678
Special	1,442,598	1,459,486
Vocational	41,260	68,021
Other	649,305	738,083
Support services:		
Pupil	906,857	1,008,648
Instructional staff	616,924	391,159
Board of education	7,357	6,946
Administration	892,102	927,932
Fiscal	399,463	409,957
Business	12,365	16,691
Operations and maintenance	727,544	731,215
Pupil transportation	686,564	614,314
Central	41,746	60,404
Operation of non-instructional services:		
Other non-instructional services	600	600
Food service operations	522,958	536,632
Extracurricular activities	332,808	376,488
Interest and fiscal charges	<u>251,900</u>	<u>261,652</u>
Total expenses	<u>11,987,284</u>	<u>12,160,906</u>
Change in net position	(358,072)	27,115
Net position at beginning of year (restated)	<u>4,194,946</u>	<u>4,167,831</u>
Net position at end of year	<u>\$ 3,836,874</u>	<u>\$ 4,194,946</u>

Governmental Activities

Net position of the District's governmental activities decreased \$358,072. Total governmental expenses of \$11,987,284 were offset by program revenues of \$2,679,373 and general revenues of \$8,949,839. Program revenues supported 22.35% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 76.53% of total governmental revenue.

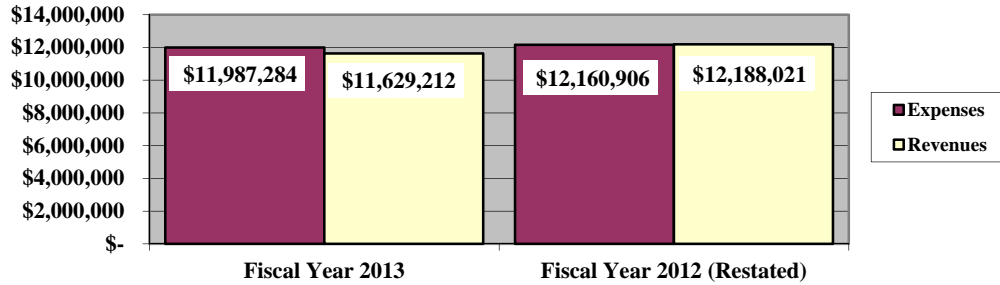
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,588,096 or 54.96% of total governmental expenses for fiscal year 2013.

The net position of the District was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The graph below presents the District's governmental activities revenues and expenses for fiscal years 2013 and 2012.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Governmental Activities - Revenues and Expenses



The net position of the District was restated at June 30, 2012 as described in Note 3.A to the basic financial statements. The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2013 and 2012. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	(Restated) Total Cost of Services	(Restated) Net Cost of Services
	2013	2013	2012	2012
Program expenses				
Instruction:				
Regular	\$ 4,454,933	\$ 3,363,970	\$ 4,552,678	\$ 3,553,602
Special	1,442,598	457,606	1,459,486	506,721
Vocational	41,260	35,641	68,021	62,096
Other	649,305	649,305	738,083	738,083
Support services:				
Pupil	906,857	894,565	1,008,648	1,005,362
Instructional staff	616,924	610,456	391,159	374,475
Board of education	7,357	7,357	6,946	6,946
Administration	892,102	892,102	927,932	924,429
Fiscal	399,463	399,463	409,957	409,957
Business	12,365	12,365	16,691	16,691
Operations and maintenance	727,544	725,944	731,215	729,565
Pupil transportation	686,564	686,032	614,314	611,722
Central	41,746	36,346	60,404	54,660
Operation of non-instructional services:				
Other non-instructional services	600	600	600	600
Food service operations	522,958	51,557	536,632	56,555
Extracurricular activities	332,808	232,702	376,488	249,411
Interest and fiscal charges	251,900	251,900	261,652	261,652
Total expenses	\$ 11,987,284	\$ 9,307,911	\$ 12,160,906	\$ 9,562,527

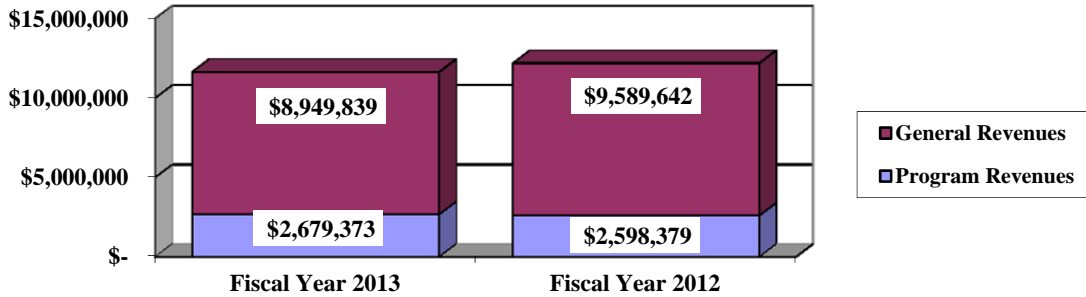
The dependence upon tax and other general revenues for governmental activities is apparent, as 68.40% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 77.65%. The District's taxpayers and unrestricted grants and entitlements from the State are the primary support for the District's students.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The graph below presents the District's governmental activities revenue for fiscal years 2013 and 2012.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$1,413,334, which is less than last year's total balance of \$1,947,583. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2013 and June 30, 2012.

	<u>Fund Balance June 30, 2013</u>	<u>Fund Balance June 30, 2012</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
General	\$ 323,174	\$ 868,093	\$ (544,919)	(62.77) %
Bond retirement	914,152	848,693	65,459	7.71 %
Nonmajor governmental	<u>176,008</u>	<u>230,797</u>	<u>(54,789)</u>	(23.74) %
Total	<u>\$ 1,413,334</u>	<u>\$ 1,947,583</u>	<u>\$ (534,249)</u>	(27.43) %

General Fund

The District's general fund balance decreased \$544,919.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2013</u> <u>Amount</u>	<u>2012</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 3,213,807	\$ 3,323,688	\$ (109,881)	(3.31) %
Tuition	1,116,305	887,400	228,905	25.80 %
Earnings on investments	10,033	15,151	(5,118)	(33.78) %
Classroom materials and fees	46,165	48,269	(2,104)	(4.36) %
Intergovernmental	5,515,727	5,846,455	(330,728)	(5.66) %
Other revenues	<u>41,145</u>	<u>41,999</u>	<u>(854)</u>	<u>(2.03) %</u>
Total	<u>\$ 9,943,182</u>	<u>\$ 10,162,962</u>	<u>\$ (219,780)</u>	<u>(2.16) %</u>
<u>Expenditures</u>				
Instruction	\$ 6,035,142	\$ 6,050,475	\$ (15,333)	(0.25) %
Support services	4,168,128	3,967,067	201,061	5.07 %
Other non-instructional services	600	600	-	- %
Extracurricular activities	219,765	249,053	(29,288)	(11.76) %
Facilities acquisition and construction	-	3,000	(3,000)	(100.00) %
Debt service	<u>8,578</u>	<u>8,578</u>	<u>-</u>	<u>- %</u>
Total	<u>\$ 10,432,213</u>	<u>\$ 10,278,773</u>	<u>\$ 153,440</u>	<u>1.49 %</u>

Revenues of the general fund decreased \$219,780 or 2.16%. The significant increase in the area of tuition revenue, which increased \$228,905 or 25.80%, was due to increases in both open enrollment and special education tuition receipts made during fiscal year 2013. Earnings on investments decreased \$5,118 or 33.78% due to declining interest rates during fiscal year 2013. All other revenues remained comparable to fiscal year 2012.

Expenditures of the general fund increased \$153,440 or 1.49%. The most significant increase was in the area of support services expenditures, but the minimal overall increase in expenditures is attributable to the District's effort to remain fiscally responsible.

Bond Retirement Fund

The bond retirement fund had \$606,367 in revenues and \$540,908 in expenditures. During fiscal year 2013, the bond retirement fund's fund balance increased \$65,459 from \$848,693 to \$914,152.

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 2013, the District amended its general fund budget multiple times. For the general fund, original budgeted revenues and other financing sources were \$10,125,125 and final budgeted revenues and other financing sources were \$11,179,183. Actual revenues and other financing sources for fiscal year 2013 were \$11,120,575. This represents a \$58,608 decrease from final budgeted amounts.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$10,537,067 and final budgeted amounts totaled \$11,840,018. The actual budget basis expenditures and other financing uses for fiscal year 2013 totaled \$11,693,938, which was \$146,080 less than the final budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the District had \$7,288,060 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2013 balances compared to June 30, 2012 balances:

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

	Governmental Activities	
	2013	2012
Land	\$ 230,237	\$ 230,237
Land improvements	161,509	180,298
Buildings and improvements	6,210,248	6,407,163
Furniture and equipment	452,091	454,693
Vehicles	233,975	180,761
Total	\$ 7,288,060	\$ 7,453,152

The overall decrease in capital assets of \$165,092 is due to depreciation expense of \$299,562 and net capital asset disposals of \$3,250 exceeding capital outlays of \$137,720.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2013, the District had \$2,195,000 in series 1999 general obligation bonds, \$2,530,000 in series 2008 general obligation bonds, \$119,995 in capital appreciation bonds, \$111,846 in accreted interest, and \$12,417 in capital lease obligations. Of this total, \$338,184 is due within one year and \$4,631,074 is due in more than one year. The following table summarizes the bonds and capital lease obligations outstanding.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

Outstanding Debt, at Year End

	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
General obligation bonds - series 1999	\$ 2,195,000	\$ 2,465,000
Refunding bonds - series 2008		
Current interest bonds	2,530,000	2,560,000
Capital appreciation bonds	119,995	119,995
Accreted interest	111,846	84,753
Capital lease obligations	<u>12,417</u>	<u>20,238</u>
 Total	 <u>\$ 4,969,258</u>	 <u>\$ 5,249,986</u>

At June 30, 2013, the District's overall legal debt margin was \$8,394,998 with an unvoted debt margin of \$136,954. See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

Consistent with many school districts in Ohio, the District is forced to face the difficult challenges of maintaining the highest standards of service to the students and the community, while striving to remain financially solvent. A new funding model (HB 59) was introduced under Governor John Kasich's leadership and was approved by the House and Senate in June of 2013. Through this model, the District appreciates that it is guaranteed to receive the State funding it received in the previous year, and it is estimated that it will receive at least \$100,000 more than in the prior year if enrollment during the October count week is favorable. The District plans to continue to monitor how the new funding model's calculations, changes in the State's biennium budget, and corresponding decisions on school funding affect the District's budget. In addition, the District is working on its application for a Straight A Fund Grant. As of June 30, 2013, the application is in its early planning stages. Therefore, there is insufficient information to be able to provide a possible dollar amount and the focused purpose of this grant, other than knowing that it will follow the requirements of requesting financial support to develop an innovative approach to educating students.

As of June 30, 2013, the District's five year forecast shows a positive carryover to the subsequent year at the end of fiscal years 2014 and 2015. Although the current forecast displays expenditures over the carryover from the prior year plus current year revenues beginning in fiscal year 2014, the District will continue to make adjustments when the State of Ohio's school funding to the District is finalized, closely monitor the annual results of the partially self-insured Health Savings Account plan for its medical and prescription insurance, estimating that the generated savings from this expenditure, maintaining careful spending, and identify ways to further trim expenditures that will eliminate the negative margin in future years. It should be noted that the certified and classified staff negotiated a base pay freeze for fiscal years 2012 through 2014. This generous agreement by the staff greatly contributed to a positive forecast in the future. It should also be noted that the passage of a 3.3 mill emergency levy renewal and a 6.9 mill operating levy renewal in May of 2012 was essential to continuing the positive carryover balances in fiscal years 2013 and beyond. That voter approval exemplifies the support of the District's community to maintain expenditures to provide a quality education to the students. The Board of Education will continue to monitor the projections included in the five year forecast and make decisions accordingly, including attempting to identify additional cost savings with the administration and staff's assistance.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
UNAUDITED
(Continued)**

The District continues to face many challenges in the future and stabilizing the District's finances is critical to continuing its academic excellence. The District's community takes pride in its schools and values the education its students receive. The Board of Education, along with the administration and staff, is committed to working with the community in order to maintain their support and to continue operating a safe, effective, and efficient school system.

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 Ms. Leesa Smith, Treasurer, Wynford Local School District, 3288 Holmes Center Road, Bucyrus, Ohio 44820-9462.

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**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 1,747,032
Investments.	27,816
Receivables:	
Property taxes	3,947,143
Accounts.	19,433
Intergovernmental	163,671
Prepayments	8,235
Materials and supplies inventory.	5,109
Capital assets:	
Nondepreciable capital assets	230,237
Depreciable capital assets, net.	7,057,823
Capital assets, net.	7,288,060
Total assets.	13,206,499
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding.	96,907
Total deferred outflows of resources	96,907
Liabilities:	
Accounts payable.	37,369
Accrued wages and benefits payable	764,534
Pension obligation payable.	183,860
Intergovernmental payable	70,063
Accrued interest payable	17,574
Claims payable.	149,250
Long-term liabilities:	
Due within one year.	506,746
Due in more than one year.	5,195,658
Total liabilities	6,925,054
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	2,541,478
Total deferred inflows of resources	2,541,478
Net position:	
Net investment in capital assets	2,345,611
Restricted for:	
Debt service.	809,020
Locally funded programs	441
State funded programs.	1,212
Student activities	93,272
Other purposes	372
Unrestricted	586,946
Total net position.	\$ 3,836,874

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 4,454,933	\$ 1,030,098	\$ 60,865	\$ (3,363,970)
Special	1,442,598	132,174	852,818	(457,606)
Vocational	41,260	198	5,421	(35,641)
Other	649,305	-	-	(649,305)
Support services:				
Pupil	906,857	-	12,292	(894,565)
Instructional staff	616,924	-	6,468	(610,456)
Board of education	7,357	-	-	(7,357)
Administration	892,102	-	-	(892,102)
Fiscal	399,463	-	-	(399,463)
Business	12,365	-	-	(12,365)
Operations and maintenance	727,544	1,600	-	(725,944)
Pupil transportation	686,564	-	532	(686,032)
Central	41,746	-	5,400	(36,346)
Operation of non-instructional services:				
Other non-instructional services	600	-	-	(600)
Food service operations	522,958	221,451	249,950	(51,557)
Extracurricular activities	332,808	98,098	2,008	(232,702)
Interest and fiscal charges	251,900	-	-	(251,900)
Total governmental activities	\$ 11,987,284	\$ 1,483,619	\$ 1,195,754	(9,307,911)
General revenues:				
Property taxes levied for:				
General purposes				3,215,930
Debt service				472,130
Grants and entitlements not restricted				
to specific programs				5,212,164
Investment earnings				10,070
Miscellaneous				39,545
Total general revenues				8,949,839
Change in net position				(358,072)
Net position at beginning of year (restated)				4,194,946
Net position at end of year				\$ 3,836,874

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 247,676	\$ 760,602	\$ 206,819	\$ 1,215,097
Investments	-	-	27,816	27,816
Receivables:				
Property taxes	3,442,469	504,674	-	3,947,143
Accounts	12,447	-	6,986	19,433
Intergovernmental	100,868	-	62,803	163,671
Interfund loans	11,596	-	-	11,596
Prepayments	8,235	-	-	8,235
Materials and supplies inventory	-	-	5,109	5,109
Total assets	<u>\$ 3,823,291</u>	<u>\$ 1,265,276</u>	<u>\$ 309,533</u>	<u>\$ 5,398,100</u>
Liabilities:				
Accounts payable	\$ 33,035	\$ -	\$ 4,334	\$ 37,369
Accrued wages and benefits payable	679,350	-	85,184	764,534
Compensated absences payable	88,029	-	13,687	101,716
Intergovernmental payable	67,304	-	2,759	70,063
Interfund loans payable	-	-	11,596	11,596
Pension obligation payable	168,115	-	15,745	183,860
Total liabilities	<u>1,035,833</u>	<u>-</u>	<u>133,305</u>	<u>1,169,138</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	2,214,642	326,836	-	2,541,478
Delinquent property tax revenue not available	164,562	24,288	-	188,850
Other nonexchange transactions not available	-	-	220	220
Intergovernmental revenue not available	85,080	-	-	85,080
Total deferred inflows of resources	<u>2,464,284</u>	<u>351,124</u>	<u>220</u>	<u>2,815,628</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	5,109	5,109
Prepays	8,235	-	-	8,235
Restricted:				
Debt service	-	914,152	-	914,152
Extracurricular activities	-	-	93,272	93,272
Other purposes	-	-	2,025	2,025
Committed:				
Capital improvements	-	-	135,201	135,201
Student and staff support	5,619	-	-	5,619
Student instruction	5,842	-	-	5,842
Assigned:				
Student and staff support	58,615	-	-	58,615
Student instruction	2,820	-	-	2,820
Subsequent year's appropriations	147,616	-	-	147,616
Unassigned (deficit)	94,427	-	(59,599)	34,828
Total fund balances	<u>323,174</u>	<u>914,152</u>	<u>176,008</u>	<u>1,413,334</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,823,291</u>	<u>\$ 1,265,276</u>	<u>\$ 309,533</u>	<u>\$ 5,398,100</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2013**

Total governmental fund balances		\$	1,413,334
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			7,288,060
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.			
Property taxes receivable	188,850		
Intergovernmental receivable	<u>85,300</u>		
Total			274,150
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			382,685
Unamortized premiums on bond issuances are not recognized in the funds.			(181,944)
Unamortized deferred amounts on refundings are not recognized in the funds.			96,907
On the statement of net position interest is accrued on outstanding bonds, whereas in governmental funds, interest is accrued when due.			(17,574)
Long-term liabilities, including bonds and capital lease obligations payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable	(449,486)		
General obligation bonds payable	(4,956,841)		
Capital lease obligations payable	<u>(12,417)</u>		
Total			<u>(5,418,744)</u>
Net position of governmental activities		\$	<u><u>3,836,874</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Property taxes	\$ 3,213,807	\$ 478,469	\$ -	\$ 3,692,276
Tuition	1,116,305	-	-	1,116,305
Earnings on investments	10,033	-	230	10,263
Charges for services	-	-	221,451	221,451
Extracurricular	-	-	85,498	85,498
Classroom materials and fees	46,165	-	-	46,165
Rental income	1,600	-	-	1,600
Contributions and donations	-	-	11,537	11,537
Contract services	-	-	4,800	4,800
Other local revenues	39,545	-	7,800	47,345
Intergovernmental - state	5,481,333	127,898	5,400	5,614,631
Intergovernmental - federal	34,394	-	833,285	867,679
Total revenues	<u>9,943,182</u>	<u>606,367</u>	<u>1,170,001</u>	<u>11,719,550</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,307,231	-	62,297	4,369,528
Special	1,037,818	-	412,968	1,450,786
Vocational	40,788	-	-	40,788
Other	649,305	-	-	649,305
Support services:				
Pupil	882,032	-	16,412	898,444
Instructional staff	508,142	-	102,251	610,393
Board of education	7,320	-	-	7,320
Administration	898,877	-	-	898,877
Fiscal	386,321	16,232	-	402,553
Business	12,365	-	-	12,365
Operations and maintenance	702,439	-	-	702,439
Pupil transportation	735,741	-	-	735,741
Central	34,891	-	5,517	40,408
Operation of non-instructional services:				
Other non-instructional services	600	-	-	600
Food service operations	-	-	534,728	534,728
Extracurricular activities	219,765	-	146,505	366,270
Debt service:				
Principal retirement	7,821	300,000	-	307,821
Interest and fiscal charges	757	224,676	-	225,433
Total expenditures	<u>10,432,213</u>	<u>540,908</u>	<u>1,280,678</u>	<u>12,253,799</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(489,031)</u>	<u>65,459</u>	<u>(110,677)</u>	<u>(534,249)</u>
Other financing sources (uses):				
Transfers in	-	-	55,888	55,888
Transfers (out)	<u>(55,888)</u>	<u>-</u>	<u>-</u>	<u>(55,888)</u>
Total other financing sources (uses)	<u>(55,888)</u>	<u>-</u>	<u>55,888</u>	<u>-</u>
Net change in fund balances	(544,919)	65,459	(54,789)	(534,249)
Fund balances at beginning of year	<u>868,093</u>	<u>848,693</u>	<u>230,797</u>	<u>1,947,583</u>
Fund balances at end of year	<u>\$ 323,174</u>	<u>\$ 914,152</u>	<u>\$ 176,008</u>	<u>\$ 1,413,334</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds \$ (534,249)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital asset additions	137,720	
Current year depreciation	(299,562)	
Total		(161,842)

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

(3,250)

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

Property taxes	(4,216)	
Intergovernmental	(86,159)	
Total		(90,375)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.

General obligation bonds	300,000	
Capital lease obligations	7,821	
Total		307,821

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Decrease in accrued interest payable	1,050	
Accretion of interest on "capital appreciation" bonds	(27,093)	
Amortization of bond premium	17,467	
Amortization of deferred charges on refundings	(17,891)	
Total		(26,467)

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

100,532

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

49,758

Change in net position of governmental activities \$ (358,072)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 3,223,238	\$ 3,294,616	\$ 3,294,616	\$ -
Tuition	895,586	1,116,216	1,116,305	89
Earnings on investments	14,976	10,500	10,033	(467)
Classroom materials and fees	49,552	45,162	46,069	907
Rental income	-	1,600	1,600	-
Other local revenues	14,966	15,000	17,476	2,476
Intergovernmental - state	5,597,955	5,513,509	5,481,333	(32,176)
Intergovernmental - federal	49,928	31,832	34,394	2,562
Total revenues	<u>9,846,201</u>	<u>10,028,435</u>	<u>10,001,826</u>	<u>(26,609)</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,038,583	4,375,756	4,342,710	33,046
Special	719,735	1,060,639	1,058,173	2,466
Vocational	96,042	72,816	72,674	142
Other	653,003	653,760	648,353	5,407
Support services:				
Pupil	822,612	878,548	875,950	2,598
Instructional staff	449,728	522,266	517,992	4,274
Board of education	6,728	7,918	7,361	557
Administration	724,746	875,462	872,251	3,211
Fiscal	359,938	409,115	401,412	7,703
Business	12,815	13,113	12,365	748
Operations and maintenance	627,930	713,869	710,711	3,158
Pupil transportation	645,362	768,614	768,210	404
Central	41,617	34,958	32,367	2,591
Operation of non-instructional services:				
Other non-instructional services	530	600	600	-
Extracurricular activities	216,047	239,440	204,834	34,606
Total expenditures	<u>9,415,416</u>	<u>10,626,874</u>	<u>10,525,963</u>	<u>100,911</u>
Excess (deficiency) of revenues over (under) expenditures	<u>430,785</u>	<u>(598,439)</u>	<u>(524,137)</u>	<u>74,302</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	1,095	1,095	-
Transfers in	28,924	32,000	-	(32,000)
Transfers (out)	(93,539)	(101,058)	(55,888)	45,170
Advances in	250,000	1,117,653	1,117,654	1
Advances (out)	(1,028,112)	(1,112,086)	(1,112,087)	(1)
Total other financing sources (uses)	<u>(842,727)</u>	<u>(62,396)</u>	<u>(49,226)</u>	<u>13,170</u>
Net change in fund balance	(411,942)	(660,835)	(573,363)	87,472
Fund balance at beginning of year	472,627	472,627	472,627	-
Prior year encumbrances appropriated	219,071	219,071	219,071	-
Fund balance at end of year	<u>\$ 279,756</u>	<u>\$ 30,863</u>	<u>\$ 118,335</u>	<u>\$ 87,472</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013**

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 531,935
Total assets.	<u>531,935</u>
Liabilities:	
Claims payable	<u>149,250</u>
Total liabilities	<u>149,250</u>
Net position:	
Unrestricted.	<u>382,685</u>
Total net position.	<u><u>\$ 382,685</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 1,227,643
Total operating revenues	<u>1,227,643</u>
Operating expenses:	
Purchased services.	232,838
Claims expense	945,084
Total operating expenses.	<u>1,177,922</u>
Operating income	<u>49,721</u>
Nonoperating revenues:	
Interest revenue	37
Total nonoperating revenues.	<u>37</u>
Change in net position	49,758
Net position at beginning of year.	<u>332,927</u>
Net position at end of year	<u><u>\$ 382,685</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	\$ 1,227,643
Cash payments for purchased services	(232,838)
Cash payments for claims	(954,670)
	40,135
Cash flows from investing activities:	
Interest received	37
	37
Net cash provided by investing activities	37
Net increase in cash and cash equivalents	40,172
Cash and cash equivalents at beginning of year	491,763
Cash and cash equivalents at end of year	\$ 531,935
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 49,721
Changes in assets and liabilities:	
(Decrease) in claims payable	(9,586)
	40,135
Net cash provided by operating activities	\$ 40,135

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2013**

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents	\$ 9,152	\$ 86,861
Prepayments	-	185
	9,152	87,046
Total assets.	9,152	\$ 87,046
Liabilities:		
Accounts payable.	-	\$ 10,634
Due to students.	-	76,412
	-	87,046
Total liabilities	-	\$ 87,046
Net position:		
Held in trust for scholarships	9,152	
Total net position.	\$ 9,152	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions.	\$ 1,180
Deductions:	
Scholarships awarded	2,180
Change in net position	(1,000)
Net position at beginning of year.	10,152
Net position at end of year	\$ 9,152

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Wynford Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio to provide educational services to students and other community members of the District. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the citizens of the District. The District serves an area of approximately 327 square miles in Crawford County, and includes portions of the City of Bucyrus, the Village of Nevada and portions of surrounding townships.

The District currently operates two instructional buildings and a bus garage. The District is staffed by 88 certified and 49 non-certified employees to provide services to approximately 1,197 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Reporting Entity – (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Pioneer Career and Technology Center (PCTC)

The PCTC is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Pioneer Career and Technology Center at 27 Ryan Road, Shelby, OH 44875-0309.

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")

The COG is a jointly governed organization among 16 school districts, an educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot Counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of Superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2013, the District paid \$63,695 to the COG for various services. Financial information can be obtained from the Treasurer of the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**WYNFORD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported 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.

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond and note principal, interest and related costs.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program, which provides medical/surgical and dental benefits to employees.

**WYNFORD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting – (Continued)

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. 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. The District's only trust fund is a private-purpose trust fund, which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District. 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.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus – (Continued)

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of this fund are included on the statement of fund net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for services. Operating expenses for the internal service fund include claims and purchased services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report results of operations.

D. Basis of Accounting

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Basis of Accounting – (Continued)

Revenues - Exchange and Nonexchange 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, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

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 fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows of resources on the governmental fund financial statements.

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

Deferred outflows of resources consist of unamortized deferred charges on debt refunding as reported on the statement of net position.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Basis of Accounting – (Continued)

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental 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 governmental funds.

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2013 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination. Crawford County has waived this requirement for fiscal year 2013.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2013.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgets – (Continued)

5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to July 1, 2013. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at fiscal year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

During fiscal year 2013, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and nonnegotiable certificates of deposit. 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 deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2013. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2013.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$10,033, which includes \$6,809 assigned from other funds.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Cash and Investments – (Continued)

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investments at fiscal year end is provided in Note 4.

G. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance 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.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 position, 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 deductions 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 \$2,500. 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. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	15 - 50 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	8 - 10 years

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental activities column on the statement of net position.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2013, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2013 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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 the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

K. Accrued Liabilities and Long-Term Obligations

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Accrued Liabilities and Long-Term Obligations – (Continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and capital lease obligations are recognized as liabilities on the fund financial statements when due.

L. Fund Balance

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

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Fund Balance – (Continued)

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

M. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing or liabilities used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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 had no net position restricted for enabling legislation. The amount restricted for other purposes represents amounts restricted for special trust activities.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

O. Estimates

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss

On the government-wide financial statements, bond issuance costs are expensed during the fiscal year in which they are incurred. The District did not incur any bond issuance costs during fiscal year 2013, but the District did restate net position at June 30, 2012 due to the elimination of unamortized bond issuance costs as described in Note 3.A.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position.

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bond's face value and the amount reported on the statement of net position is presented in Note 10.

Q. 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 and after nonoperating revenues/expenses in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A. Change in Accounting Principles – (Continued)

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. For the District, the implementation of GASB Statement No. 65 has changed (1) the classification of certain items, including the deferral of property taxes levied for the subsequent fiscal year, previously reported as liabilities to *deferred inflows of resources*, (2) the classification of unamortized deferred charges on debt refunding transactions from a reduction of liabilities to *deferred outflows of resources*, (3) the reporting of debt issuance costs to an expense in the period incurred rather than amortized over the term of the related debt issuance and (4) net assets of the District as previously reported to remove unamortized bond issuance costs previously reported. The implementation of GASB Statement No. 65 had the following effect on net assets as previously reported:

	Governmental Activities
Net assets as previously reported	\$ 4,254,773
Removal of unamortized bond issuance costs	(59,827)
Net position at July 1, 2012	\$ 4,194,946

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food service	\$ 52,250
Education jobs	6
Race to the top	7
Title VI-B	1,279
Title I	700
IDEA preschool grant	17
Classroom reduction	231

**WYNFORD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances – (Continued)

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances are a result of adjustments for accrued liabilities and the reporting of short-term interfund loans as a fund liability rather than as an other financing source.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**WYNFORD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash on Hand

At fiscal year end, the District had \$3,825 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2013, the carrying amount of all District deposits was \$1,539,483. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$1,179,020 of the District's bank balance of \$1,707,696 was exposed to custodial risk as discussed below, while \$528,676 was covered by the FDIC.

**WYNFORD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions – (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2013, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity</u>
		6 months or less
STAR Ohio	\$ 327,553	\$ 327,553

The weighted average maturity of investments is one day.

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Custodial Credit Risk: For an investment, 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. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 327,553	100.00

**WYNFORD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,539,483
Investments	327,553
Cash on hand	<u>3,825</u>
Total	<u>\$ 1,870,861</u>

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 1,774,848
Private-purpose trust fund	9,152
Agency fund	<u>86,861</u>
Total	<u>\$ 1,870,861</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Interfund balances at June 30, 2013 as reported on the fund financial statements, consisted of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 11,596</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2013 are reported on the statement of net position.

- B.** Interfund transfers for the year ended June 30, 2013, consisted of the following, as reported on the fund financial statements:

<u>Transfer to nonmajor governmental fund from:</u>	<u>Amount</u>
General fund	<u>\$ 55,888</u>

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

**WYNFORD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Crawford and Wyandot Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$1,063,265 in the general fund and \$153,550 in the bond retirement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$1,144,074 in the general fund and \$218,385 in the bond retirement fund. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 130,002,280	95.58	\$ 130,522,380	95.30
Public utility personal	<u>6,008,730</u>	<u>4.42</u>	<u>6,431,410</u>	<u>4.70</u>
Total	<u>\$ 136,011,010</u>	<u>100.00</u>	<u>\$ 136,953,790</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 56.57		\$ 55.60	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2013 consisted of property taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. 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. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 3,947,143
Accounts	19,433
Intergovernmental	<u>163,671</u>
Total	<u>\$ 4,130,247</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**WYNFORD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance			Balance
	<u>06/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/13</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 230,237	\$ -	\$ -	\$ 230,237
Total capital assets, not being depreciated	<u>230,237</u>	<u>-</u>	<u>-</u>	<u>230,237</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	344,259	-	-	344,259
Buildings and improvements	10,572,946	-	(23,227)	10,549,719
Furniture and equipment	1,209,945	58,078	(14,708)	1,253,315
Vehicles	1,062,483	79,642	(75,266)	1,066,859
Total capital assets, being depreciated	<u>13,189,633</u>	<u>137,720</u>	<u>(113,201)</u>	<u>13,214,152</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(163,961)	(18,789)	-	(182,750)
Buildings and improvements	(4,165,783)	(196,915)	23,227	(4,339,471)
Furniture and equipment	(755,252)	(58,430)	12,458	(801,224)
Vehicles	(881,722)	(25,428)	74,266	(832,884)
Total accumulated depreciation	<u>(5,966,718)</u>	<u>(299,562)</u>	<u>109,951</u>	<u>(6,156,329)</u>
Governmental activities capital assets, net	<u>\$ 7,453,152</u>	<u>\$ (161,842)</u>	<u>\$ (3,250)</u>	<u>\$ 7,288,060</u>

Depreciation expense was charged to governmental activities as follows:

<u>Instruction:</u>	
Regular	\$ 118,730
Special	31,751
Vocational	150
<u>Support services:</u>	
Pupil	11,168
Instructional staff	13,061
Board of education	37
Administration	25,288
Fiscal	4,666
Operations and maintenance	32,192
Pupil transportation	34,964
Central	1,892
Extracurricular activities	19,355
Food service operations	<u>6,308</u>
Total depreciation expense	<u>\$ 299,562</u>

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

In a prior fiscal year, the District entered into a capitalized lease for copier equipment. This lease agreement meets the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$33,100. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2013 totaled \$7,821 paid by the general fund. Accumulated depreciation as of June 30, 2013 was \$23,170, leaving a current book value of \$9,930.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2013.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2014	\$ 8,579
2015	<u>4,289</u>
Total minimum lease payments	12,868
Less: amount representing interest	<u>(451)</u>
 Total	 <u>\$ 12,417</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2013, the following changes occurred in governmental activities long-term obligations:

	<u>Balance Outstanding 06/30/12</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance Outstanding 06/30/13</u>	<u>Amounts Due in One Year</u>
Governmental activities:					
General obligation bonds - Series 1999	\$ 2,465,000	\$ -	\$ (270,000)	\$ 2,195,000	\$ 300,000
Refunding bonds - Series 2008					
Current interest bonds	2,560,000	-	(30,000)	2,530,000	30,000
Capital appreciation bonds	119,995	-	-	119,995	-
Accreted interest	<u>84,753</u>	<u>27,093</u>	<u>-</u>	<u>111,846</u>	<u>-</u>
Total general obligation bonds	<u>5,229,748</u>	<u>27,093</u>	<u>(300,000)</u>	<u>4,956,841</u>	<u>330,000</u>
Compensated absences	556,434	197,740	(202,972)	551,202	168,562
Capital lease obligations	<u>20,238</u>	<u>-</u>	<u>(7,821)</u>	<u>12,417</u>	<u>8,184</u>
Total	<u>\$ 5,806,420</u>	<u>\$ 224,833</u>	<u>\$ (510,793)</u>	<u>5,520,460</u>	<u>\$ 506,746</u>
Add: unamortized premium on refunding				<u>181,944</u>	
Total on statement of net position				<u>\$ 5,702,404</u>	

**WYNFORD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences: Compensated absences will be paid from the funds from which the employees' salaries are paid, which for the District is primarily the general fund, food service fund (a nonmajor governmental fund) and the Title I fund (a nonmajor governmental fund).

Capital Lease Obligations: The capital lease obligations will be paid from the general fund. See Note 9 for details.

General Obligation Bonds Payable - Series 1999: On January 16, 1999, the District issued \$7,263,000 in general obligation bonds. The proceeds of these bonds were used to provide long-term financing of the District's building projects. These bonds bear an annual interest rate of 3.3% to 5.5% and were scheduled to mature in fiscal year 2024. These general obligation bonds were issued to provide funds for the acquisition and construction of equipment and facilities and to pay judgments against the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for on the statement of net position. A portion of the Series 1999 general obligation bonds was refunded during fiscal year 2008 in the amount of \$2,800,000. The remaining balance of the Series 1999 general obligation bonds matures December 1, 2018. Payments of principal and interest are recorded as expenditures in the bond retirement fund.

Series 2008 Refunding General Obligation Bonds: On February 14, 2008, the District issued general obligation bonds (Series 2008 Refunding Bonds) to advance refund the callable portion of the Series 1999 general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded Series 1999 general obligation current interest bonds at June 30, 2013 is \$2,800,000.

The refunding issue is comprised of both current interest bonds, par value \$2,680,000, and capital appreciation bonds par value \$119,995. The interest rates on the current interest bonds range from 3.75% - 4.00%. The capital appreciation bonds mature on December 1, 2019 (approximate initial offering yield at maturity 3.75%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2019 is \$520,000. Total accreted interest of \$111,846 has been included on the statement of net position at June 30, 2013.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2023. Payments of principal and interest are recorded as expenditures in the bond retirement fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$193,069. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued, as a deferred outflow of resources on the statement of net position.

**WYNFORD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

- B.** The following is a summary of the District's future annual debt service requirements to maturity for its general obligation debt:

Year Ending June 30,	General Obligation Bonds - Series 1999		
	Principal	Interest	Total
2014	\$ 300,000	\$ 111,400	\$ 411,400
2015	320,000	95,850	415,850
2016	345,000	77,563	422,563
2017	380,000	57,625	437,625
2018	410,000	35,797	445,797
2019	440,000	12,210	452,210
Total	<u>\$ 2,195,000</u>	<u>\$ 390,445</u>	<u>\$ 2,585,445</u>

Year Ending June 30,	Current Interest Refunding Bonds - Series 2008			Capital Appreciation Refunding Bonds - Series 2008		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 30,000	\$ 99,506	\$ 129,506	\$ -	\$ -	\$ -
2015	30,000	98,494	128,494	-	-	-
2016	30,000	97,482	127,482	-	-	-
2017	30,000	96,468	126,468	-	-	-
2018	35,000	95,372	130,372	-	-	-
2019 - 2023	1,735,000	369,596	2,104,596	119,995	400,005	520,000
2024	640,000	12,800	652,800	-	-	-
Total	<u>\$ 2,530,000</u>	<u>\$ 869,718</u>	<u>\$ 3,399,718</u>	<u>\$ 119,995</u>	<u>\$ 400,005</u>	<u>\$ 520,000</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$8,394,998 (including available funds of \$914,152) and an unvoted debt margin of \$136,954.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 11 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

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 2013, the District contracted with various insurance companies for property and fleet insurance, liability insurance and inland marine coverage. Coverage provided by these insurance companies is as follows:

<u>Type of Coverage</u>	<u>Liability Limit</u>
Building and contents - replacement cost (\$1,000 deductible) \$36,948,547	
Boiler and machinery (\$1,000 deductible)	36,948,547
Mobile radio, computer, audio visual & music equipment (\$100 deductible)	36,948,547
Automobile liability (\$500 deductible)	1,000,000
Uninsured motorists	1,000,000
General liability:	
Per occurrence	1,000,000
Per year	2,000,000
Umbrella policy	5,000,000

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

B. Medical/Hospitalization, Prescription Drug and Dental Insurance

The District provides employee medical/hospitalization, prescription drug, and dental benefits through a self-insured program. The District maintains a self-insurance internal service fund to account for and finance this program. The claims liability reported in the internal service fund at June 30, 2013, in the amount of \$149,250, is based on an estimate provided by United HealthCare Services, Inc. (UMR, the third party administrator) and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims. Change in claims activity for the past two fiscal years is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2013	\$158,836	\$ 945,084	\$ (954,670)	\$ 149,250
2012	79,885	1,077,224	(998,273)	158,836

C. Employee Group Life Insurance

The District offers group life insurance and accidental death and dismemberment insurance to all employees through American International Group, Inc. The employees share a portion of the cost of the monthly premium with the Board. Regardless of the plan utilized by the employees, all group benefit plans are traditionally funded, and the District does not retain any risk of loss.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 11 - RISK MANAGEMENT – (Continued)

D. Workers' Compensation Plan

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 2.A.). 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 districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$157,973, \$153,855 and \$138,666, respectively; 72.43 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 12 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$641,919, \$624,204 and \$641,924, respectively; 84.25 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$6,974 made by the District and \$4,981 made by the plan members.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 12 - PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, 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. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. 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 monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. 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 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The 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.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

A. School Employees Retirement System – (Continued)

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$23,625, \$28,132 and \$38,788, respectively; 72.43 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012 and 2011 were \$8,924, \$9,086 and \$8,923, respectively; 72.43 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$49,378, \$48,016 and \$49,379, respectively; 84.25 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (573,363)
Net adjustment for revenue accruals	(80,713)
Net adjustment for expenditure accruals	6,038
Net adjustment for other sources/uses	(6,662)
Funds budgeted elsewhere	3,610
Adjustment for encumbrances	106,171
GAAP basis	<u>\$ (544,919)</u>

Certain funds that are legally budgeted in separate fund classifications are considered part of the general fund on a GAAP basis. This includes the public school support fund.

NOTE 15 - CONTINGENCIES

A. 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)**

NOTE 16 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year end. This amount must be carried forward to be used for the same purpose in future years. Expenditures and other applicable offsets exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	195,451
Prior year offset from bond proceeds	<u>(195,451)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

During fiscal year 1999, the District issued \$7,263,000 in capital related school improvement bonds. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$5,698,967 at June 30, 2013.

NOTE 17 - COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

	<u>Year End Encumbrances</u>
<u>Fund</u>	
General fund	\$ 50,596
Nonmajor governmental funds	<u>2,298</u>
Total	<u>\$ 52,894</u>

WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 14,992	\$ 14,992
Cash Assistance:			
School Breakfast Program	10.553	34,047	34,047
National School Lunch Program	10.555	196,489	196,489
Total Child Nutrition Cluster		<u>245,528</u>	<u>245,528</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>245,528</u>	<u>245,528</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education</i>			
Special Education Cluster:			
Special Education - Grants to States	84.027	258,666	260,063
Special Education - Preschool Grants	84.173	3,549	3,549
Total Special Education Cluster		<u>262,215</u>	<u>263,612</u>
Title I Grants to Local Educational Agencies	84.010	190,104	188,630
Improving Teacher Quality State Grants	84.367	43,188	43,265
Educational Technology State Grants	84.318	991	991
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	1,400	1,400
Education Jobs Fund	84.410	23,260	23,850
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>521,158</u>	<u>521,748</u>
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES		<u>\$ 766,686</u>	<u>\$ 767,276</u>

The accompanying notes are an integral part of this schedule.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Wynford Local 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.



Dave Yost • Auditor of State

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

Wynford Local School District
Crawford County
3288 Holmes Center Road
Bucyrus, Ohio 44820

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wynford Local School District, Crawford County, Ohio (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 11, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

March 11, 2014



Dave Yost • Auditor of State

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

Wynford Local School District
Crawford County
3288 Holmes Center Road
Bucyrus, Ohio 44820

To the Board of Education:

Report on Compliance for The Major Federal Program

We have audited Wynford Local School District's (the District's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the District's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Wynford Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 11, 2014

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Dave Yost • Auditor of State

WYNFORD LOCAL SCHOOL DISTRICT

CRAWFORD 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
APRIL 1, 2014**