



Dave Yost • Auditor of State

**WYOMING CITY SCHOOL DISTRICT
HAMILTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

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 Wyoming City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2014, 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 Wyoming City School District, Hamilton County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof 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* and the *Required budgetary comparison schedule* 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2015, 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.



Dave Yost
Auditor of State

Columbus, Ohio

April 7, 2015

Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The discussion and analysis of Wyoming City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- Net position of governmental activities increased \$1,092,472 which represents a 6.0% increase from 2013.
- General revenues accounted for \$25,550,322 in revenue or 92.8% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,984,345 or 7.2% of total revenues of \$27,534,667.
- The District had \$26,442,195 in expenses related to governmental activities; \$1,984,345 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$25,550,322 were also used to provide for these programs.

Overview of the Financial Statements

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

The *Statement of Net 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. The General Fund, Debt Service Fund and the Building Fund are the major funds of the District.

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The Government-wide Financial Statements answer this question. These statements include *all assets* and *liabilities* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

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

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

Fund Financial Statements

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

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

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

The District as a Whole

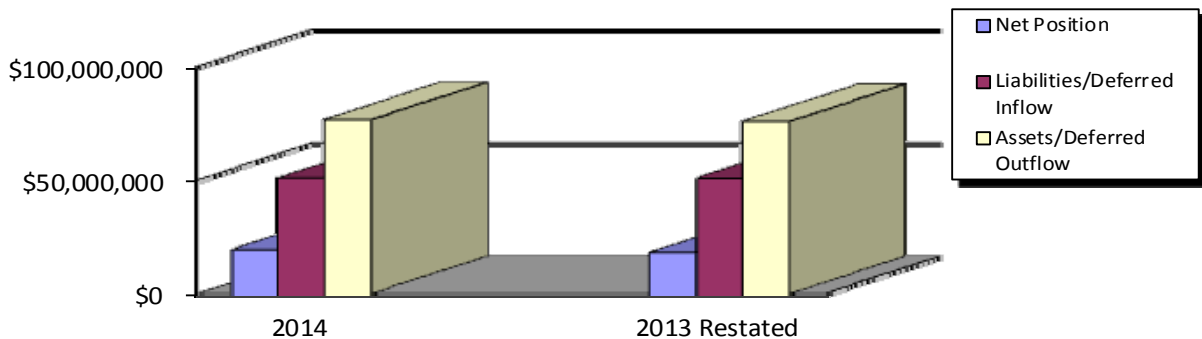
As stated previously, the Statement of Net position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2014 compared to 2013:

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**Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

**Table 1
Net position**

	Governmental Activities	
	2014	2013 Restated
Assets:		
Current and Other Assets	\$42,722,771	\$52,153,950
Capital Assets	33,957,083	23,780,441
Total Assets	76,679,854	75,934,391
Liabilities:		
Other Liabilities	4,672,631	3,325,376
Long-Term Liabilities	46,254,582	47,502,340
Total Liabilities	50,927,213	50,827,716
Total Deferred Inflows of Resources	6,393,494	6,840,000
Net Position:		
Net Investment in Capital Assets	253,010	(309,771)
Restricted	5,547,209	5,336,261
Unrestricted	13,558,928	13,240,185
Total Net Position	\$19,359,147	\$18,266,675



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2014, the District's assets exceeded liabilities and deferred outflows of resources by \$19,359,147. Capital assets increased due to the District's building projects in fiscal year 2014. Long-term liabilities decreased mainly due to the District continuing to make principal payments on its long-term debt obligations.

At year-end, capital assets represented 44% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2014, was \$253,010. 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

Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

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, \$5,547,209 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Table 2 shows the changes in net position for fiscal years 2014 and 2013.

Table 2
Changes in Net position

	Governmental Activities	
	2014	2013 Restated
Revenues:		
Program Revenues		
Charges for Services	\$831,884	\$797,445
Operating Grants, Contributions	1,152,461	915,804
General Revenues:		
Income Taxes	6,674,018	7,182,198
Property Taxes	11,474,782	10,924,290
Grants and Entitlements	6,577,106	6,547,081
Other	824,416	622,462
Total Revenues	<u>27,534,667</u>	<u>26,989,280</u>
Program Expenses:		
Instruction	15,425,263	14,642,482
Support Services:		
Pupil and Instructional Staff	2,631,546	2,839,426
School Administrative, General		
Administration, Fiscal and Business	2,759,947	2,838,726
Operations and Maintenance	1,922,081	1,884,279
Pupil Transportation	506,418	496,867
Central	152,181	140,075
Operation of Non-Instructional Services	205,697	292,941
Extracurricular Activities	889,071	852,196
Interest and Fiscal Charges	1,949,991	1,958,943
Total Program Expenses	<u>26,442,195</u>	<u>25,945,935</u>
Change in Net Position	1,092,472	1,043,345
Beginning Net Position, Restated	<u>18,266,675</u>	<u>17,223,330</u>
Ending Net Position	<u><u>\$19,359,147</u></u>	<u><u>\$18,266,675</u></u>

**Wyoming City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

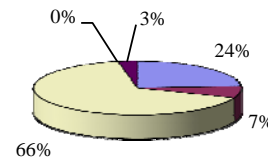
Governmental Activities

The District revenues are mainly from three sources. Income taxes, property taxes levied for general, debt service, capital project purposes, and grants and entitlements comprised 90% of the District’s revenues for governmental activities.

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

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 64% of revenue for governmental activities for the District in fiscal year 2014.

Revenue Sources	2014	Percent of Total
General Grants	\$6,577,106	24%
Program Revenues	1,984,345	7%
General Tax Revenues	18,148,800	66%
Investment Earnings	96,473	0%
Other Revenues	727,943	3%
	<u>\$27,534,667</u>	<u>100%</u>



Instruction comprises 58.3% of governmental program expenses. Support services expenses were 30.1% of governmental program expenses. All other expenses including interest expense were 11.6%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Property tax revenues increased mainly due to an increase in property tax receipts received in fiscal year 2014 as compared to fiscal year 2013. Instructional expenses increased due to an increase in personnel costs and general inflationary costs.

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

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**Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2014	2013	2014	2013
Instruction	\$15,425,263	\$14,642,482	(\$14,019,354)	(\$13,553,937)
Support Services:				
Pupil and Instructional Staff	2,631,546	2,839,426	(2,527,460)	(2,627,157)
School Administrative, General				
Administration, Fiscal and Business	2,759,947	2,838,726	(2,709,102)	(2,835,349)
Operations and Maintenance	1,922,081	1,884,279	(1,882,175)	(1,854,055)
Pupil Transportation	506,418	496,867	(506,418)	(492,562)
Central	152,181	140,075	(152,181)	(140,075)
Operation of Non-Instructional Services	205,697	292,941	(68,280)	(128,085)
Extracurricular Activities	889,071	852,196	(642,889)	(642,523)
Interest and Fiscal Charges	1,949,991	1,958,943	(1,949,991)	(1,958,943)
Total Expenses	<u>\$26,442,195</u>	<u>\$25,945,935</u>	<u>(\$24,457,850)</u>	<u>(\$24,232,686)</u>

The District's Funds

The District has three major governmental funds: the General Fund, Debt Service Fund and the Building Fund. Assets of these funds comprised \$40,684,951 (95%) of the total \$42,782,571 governmental funds' assets.

General Fund: Fund balance at June 30, 2014 was \$14,811,660. The fund balance increased by \$413,558 mainly due to an increase in intergovernmental revenue.

Debt Service Fund: Fund balance at June 30, 2014 was \$3,858,711. The fund balance remained relatively consistent.

Building Fund: Fund balance at June 30, 2014 was \$11,143,781. The fund balance decreased due to the continuation of the building project.

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 2014, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$22,932,271, compared to original budget estimates of \$22,427,644.

**Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the District had \$33,957,083 invested in land, construction in progress, buildings and improvements and equipment. Table 4 shows fiscal year 2014 balances compared to fiscal year 2013:

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

	Governmental Activities	
	2014	2013
Land	\$629,493	\$629,493
Construction in Progress	13,902,052	2,980,680
Buildings and Improvements	18,643,729	19,443,314
Equipment	781,809	726,954
Total Net Capital Assets	<u>\$33,957,083</u>	<u>\$23,780,441</u>

The increase in capital assets is due to the continuation of the building project.

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

Debt

At June 30, 2014, the District had \$45,135,123 in bonds and capital leases payable, \$1,202,887 due within one year. Table 5 summarizes outstanding debt at year end.

**Table 5
Outstanding Debt, at Year End**

	Governmental Activities	
	2014	2013 Restated
General Obligation Bonds:		
1999 School Improvement	\$3,090,000	\$3,725,000
2006 Refunding Bonds:		
Current Interest Bonds -		
School Improvement	12,065,000	12,065,000
Capital Appreciation Bonds - Principal	467,683	707,762
Capital Appreciation Bonds - Interest Only	300,891	392,631
Premium on 2006 Refunding Bonds	580,988	639,086
2013 General Obligation Bonds	25,030,000	25,035,000
Premium on General Obligation Bonds	1,806,961	1,858,295
Capital Leases	<u>1,793,600</u>	<u>2,111,600</u>
Total Outstanding Debt at Year End	<u>\$45,135,123</u>	<u>\$46,534,374</u>

Wyoming City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

See Note 7 and 8 in the notes to the basic financial statements for further details on the District's outstanding debt.

For the Future

The Ohio Department of Education explains the school funding model in Ohio as follows:

The funding of K-12 public schools in Ohio is a joint effort between the state and local school districts. Since the 1970s through FY 2009, with the exception of a few years, Ohio's funding formula was foundation based by means of which a per pupil amount determined by the General Assembly as the per-pupil resource for provision of a basic adequate education was multiplied by the number of pupils to determine the base funding of the school districts. From this product, the local share of the basic adequate amount or the charge off was subtracted to arrive at the state share of the base funding. Additional funding was also provided for services targeted to categories of pupils such as handicapped, vocational, gifted, and economically disadvantaged as well as some adjustments and funding guarantees.

The 2010-11 biennial budget (Am. Sub. H.B. 1 of the 128th General Assembly), established a new funding formula called the Evidence-Based Model (EBM). Am. Sub. H.B. 153 of the 129th General Assembly repealed the EBM and implemented a temporary funding formula for the 2012-13 biennial budget as a new school funding formula is developed. The temporary formula is called the Bridge formula.

The Bridge formula provides for a simplified approach to fund distribution based on FY 2011 total calculated amounts on per pupil basis for both FY 2012 and FY 2013. The FY 2013 funding calculation involves the use of ADM and funding factors from FY 2011 applied to FY 2013 ADM with additional adjustments utilizing charge-off property valuation data in FY 2011. Based on this approach in FY 2013, school districts are provided with total funding amounts without any calculation for various education or support services such as special education, gifted education or transportation.

Wyoming remains concerned about the instability of the state and local economy and the political ramifications of a new funding model. We plan carefully and prudently to provide resources to meet the needs of our students but the uncertainty of a new funding model represents some challenges in our planning. We will continue to diligently review expenditures.

Contacting the District's Financial Management

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

Wyoming City School District
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$28,255,695
Restricted Cash and Investments	330,500
Receivables (Net):	
Taxes	13,831,691
Accounts	47,000
Interest	30,051
Intergovernmental	227,834
Nondepreciable Capital Assets	14,531,545
Depreciable Capital Assets, Net	<u>19,425,538</u>
 Total Assets	 <u>76,679,854</u>
Liabilities:	
Accounts Payable	171,272
Accrued Wages and Benefits	2,391,357
Contracts Payable	1,618,469
Retainage Payable	330,500
Accrued Interest Payable	161,033
Long-Term Liabilities:	
Due Within One Year	1,408,468
Due In More Than One Year	<u>44,846,114</u>
 Total Liabilities	 <u>50,927,213</u>
Deferred Inflows of Resources:	
Property Taxes	<u>6,393,494</u>
 Total Deferred Inflows of Resources	 <u>6,393,494</u>
Net Position:	
Net Investment in Capital Assets	253,010
Restricted for:	
Debt Service	3,768,752
Capital Projects	1,402,714
Student Activity	85,030
Federal Grants	221,810
Other Purposes	68,903
Unrestricted	<u>13,558,928</u>
 Total Net Position	 <u>\$19,359,147</u>

See accompanying notes to the basic financial statements.

Wyoming City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services and Sales	Operating Grants and Contributions	and Changes in Net Position Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$12,840,570	\$427,719	\$204,689	(\$12,208,162)
Special	2,543,888	15,833	652,766	(1,875,289)
Vocational	28,137	0	2,888	(25,249)
Other	12,668	102,014	0	89,346
Support Services:				
Pupil	1,512,113	0	0	(1,512,113)
Instructional Staff	1,119,433	230	103,856	(1,015,347)
General Administration	154,111	0	0	(154,111)
School Administration	1,752,091	0	50,845	(1,701,246)
Fiscal	851,622	0	0	(851,622)
Business	2,123	0	0	(2,123)
Operations and Maintenance	1,922,081	39,906	0	(1,882,175)
Pupil Transportation	506,418	0	0	(506,418)
Central	152,181	0	0	(152,181)
Operation of Non-Instructional Services	205,697	0	137,417	(68,280)
Extracurricular Activities	889,071	246,182	0	(642,889)
Interest and Fiscal Charges	1,949,991	0	0	(1,949,991)
Total Governmental Activities	\$26,442,195	\$831,884	\$1,152,461	(24,457,850)

General Revenues:	
Income Taxes	6,674,018
Property Taxes Levied for:	
General Purposes	8,439,606
Debt Service Purposes	2,628,844
Capital Projects Purposes	406,332
Grants and Entitlements, Not Restricted	6,577,106
Unrestricted Contributions	534,033
Investment Earnings	96,473
Other Revenues	193,910
Total General Revenues	25,550,322
Change in Net Position	1,092,472
Net Position - Beginning of Year, Restated	18,266,675
Net Position - End of Year	\$19,359,147

See accompanying notes to the basic financial statements.

Wyoming City School District
Balance Sheet
Governmental Funds
June 30, 2014

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$11,213,386	\$2,798,711	\$12,783,897	\$1,459,701	\$28,255,695
Restricted Cash and Investments	0	0	330,500	0	330,500
Receivables (Net):					
Taxes	10,765,967	2,657,129	0	408,595	13,831,691
Accounts	47,000	0	0	0	47,000
Interest	17,894	0	10,667	1,490	30,051
Intergovernmental	0	0	0	227,834	227,834
Interfund	59,800	0	0	0	59,800
Total Assets	22,104,047	5,455,840	13,125,064	2,097,620	42,782,571
Liabilities:					
Accounts Payable	88,451	0	26,315	56,506	171,272
Accrued Wages and Benefits	2,382,531	0	0	8,826	2,391,357
Compensated Absences	10,789	0	0	0	10,789
Contracts Payable	0	0	1,618,469	0	1,618,469
Retainage Payable	0	0	330,500	0	330,500
Interfund Payable	0	0	0	59,800	59,800
Total Liabilities	2,481,771	0	1,975,284	125,132	4,582,187
Deferred Inflows of Resources:					
Property Taxes	4,800,554	1,597,129	0	248,595	6,646,278
Grants and Other Taxes	0	0	0	227,834	227,834
Investment Earnings	10,062	0	5,999	838	16,899
Total Deferred Inflows of Resources	4,810,616	1,597,129	5,999	477,267	6,891,011
Fund Balances:					
Restricted	0	3,858,711	11,143,781	1,565,165	16,567,657
Assigned	1,943,969	0	0	0	1,943,969
Unassigned	12,867,691	0	0	(69,944)	12,797,747
Total Fund Balances	14,811,660	3,858,711	11,143,781	1,495,221	31,309,373
Total Liabilities, Deferred Inflows and Fund Balances	\$22,104,047	\$5,455,840	\$13,125,064	\$2,097,620	\$42,782,571

See accompanying notes to the basic financial statements.

Wyoming City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2014

Total Governmental Fund Balance \$31,309,373

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

Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the funds.

 Capital assets used in the operation of Governmental Funds 33,957,083

Other long-term assets are not available to pay for current-
 period expenditures and, therefore, are deferred in the funds.

Intergovernmental	\$252,784	
Interest	16,899	
Special Assessments	<u>227,834</u>	
		497,517

In the statement of net position interest payable is accrued when
 incurred; whereas, in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources. (161,033)

Some liabilities reported in the statement of net position do not
 require the use of current financial resources and, therefore,
 are not reported as liabilities in governmental funds.

 Compensated Absences (1,108,670)

Long-term liabilities are not due and payable in the current
 period and, therefore, are not reported in the funds. (45,135,123)

Net Position of Governmental Activities \$19,359,147

See accompanying notes to the basic financial statements.

Wyoming City School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$8,436,751	\$2,627,970	\$0	\$401,036	\$11,465,757
Income Taxes	6,674,018	0	0	0	6,674,018
Tuition and Fees	536,897	0	0	0	536,897
Investment Earnings	61,297	0	37,746	5,195	104,238
Intergovernmental	6,605,954	396,674	0	609,971	7,612,599
Extracurricular Activities	8,668	0	0	246,182	254,850
Charges for Services	0	0	0	230	230
Other Revenues	682,863	0	0	84,987	767,850
Total Revenues	23,006,448	3,024,644	37,746	1,347,601	27,416,439
Expenditures:					
Current:					
Instruction:					
Regular	11,981,331	0	0	32,325	12,013,656
Special	2,295,755	0	0	181,111	2,476,866
Vocational	28,137	0	0	0	28,137
Other	12,668	0	0	0	12,668
Support Services:					
Pupil	1,489,559	0	0	0	1,489,559
Instructional Staff	959,954	0	0	72,634	1,032,588
General Administration	154,111	0	0	0	154,111
School Administration	1,644,919	0	0	40,956	1,685,875
Fiscal	801,726	34,673	0	5,901	842,300
Business	2,123	0	0	0	2,123
Operations and Maintenance	1,805,956	0	0	0	1,805,956
Pupil Transportation	440,692	0	0	0	440,692
Central	141,870	0	0	0	141,870
Operation of Non-Instructional Services	83,642	0	0	113,497	197,139
Extracurricular Activities	517,923	0	0	341,719	859,642
Capital Outlay	21,913	0	10,947,987	323,868	11,293,768
Debt Service:					
Principal Retirement	105,000	880,079	0	213,000	1,198,079
Interest and Fiscal Charges	79,611	2,063,615	0	12,445	2,155,671
Total Expenditures	22,566,890	2,978,367	10,947,987	1,337,456	37,830,700
Excess of Revenues Over (Under) Expenditures	439,558	46,277	(10,910,241)	10,145	(10,414,261)
Other Financing Sources (Uses):					
Transfers In	0	0	0	26,000	26,000
Transfers (Out)	(26,000)	0	0	0	(26,000)
Total Other Financing Sources (Uses)	(26,000)	0	0	26,000	0
Net Change in Fund Balance	413,558	46,277	(10,910,241)	36,145	(10,414,261)
Fund Balance - Beginning of Year	14,398,102	3,812,434	22,054,022	1,459,076	41,723,634
Fund Balance - End of Year	\$14,811,660	\$3,858,711	\$11,143,781	\$1,495,221	\$31,309,373

See accompanying notes to the basic financial statements.

Wyoming City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balance - Total Governmental Funds (\$10,414,261)

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

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	\$11,111,450	
Depreciation Expense	(934,808)	
		10,176,642

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

Delinquent Property Taxes	\$3,801	
Interest	(2,510)	
Intergovernmental	116,937	
		118,228

Repayment of bond and capital lease principal along with accreted interest payments is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,343,000

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 4,508

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

Compensated Absences	(\$191,896)	
Amortization of Bond Premium	109,432	
Bond Accretion	(53,181)	
		(135,645)

Change in Net Position of Governmental Activities \$1,092,472

See accompanying notes to the basic financial statements.

Wyoming City School District
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2014

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Equity in Pooled Cash and Investments	\$9,065	\$115,459
Total Assets	<u>9,065</u>	<u>115,459</u>
Liabilities:		
Accounts Payable	0	2,640
Other Liabilities	<u>0</u>	<u>112,819</u>
Total Liabilities	<u>0</u>	<u>\$115,459</u>
Net Position:		
Held in Trust	<u>9,065</u>	
Total Net Position	<u><u>\$9,065</u></u>	

See accompanying notes to the basic financial statements.

Wyoming City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust
Additions:	
Donations	\$100
Investment Earnings	42
Total Additions	<u>142</u>
Deductions:	
Scholarships	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Position	(358)
Net Position - Beginning of Year	<u>9,423</u>
Net Position - End of Year	<u><u>\$9,065</u></u>

See accompanying notes to the basic financial statements.

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 1 – Description of the District

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

The District operates under a locally elected 5 member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by approximately 62 non-certificated personnel and approximately 165 certificated full time teaching and administrative personnel to provide services to students and other community members.

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

Reporting Entity

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, as amended by GASB Statement 39 and GASB Statement 61, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

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

The District is associated with two organizations that are defined as jointly governed organizations. These organizations include Great Oaks Institute of Technology and Career Development and the Hamilton/Clermont Cooperative Association. These organizations are presented in Note 13.

Note 2 – Summary of Significant Accounting Policies

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

Measurement Focus

Government-wide Financial Statements

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The government-wide 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. Fiduciary Funds are not included in entity-wide statements.

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

Fund Financial Statements

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

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

Fund Accounting

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

Governmental Funds

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, deferred outflows of resources, liabilities and 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 all financial resources except those required to be accounted for in another fund. The general fund balance is

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Building Fund – The building fund is used to account for financial resources used in the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District has a private purpose trust fund which accounts for scholarship programs for students. The District has a student managed activity (agency) fund which accounts for assets and liabilities generated by student managed activities.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and grants and other taxes (which includes tax incremental financing 'TIF'). Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance year 2015 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements.

Expenses/Expenditures

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

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

Equity in Pooled Cash and Investments

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

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund amounted to \$61,297, \$37,746 credited to the building fund and \$5,195 credited to other governmental funds.

Inventory

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

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

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

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net 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 retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

Compensated Absences

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

Net Position

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$5,547,209 in restricted net position, none were restricted by enabling legislation.

Interfund Activity

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

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

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

Fund Balance

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

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

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

The District considers restricted, committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Estimates

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

Note 3 – Equity in Pooled Cash and Investments

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

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

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

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

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

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

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Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2014, \$6,928,688 of the District's bank balance of \$7,928,688 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

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

Investments

As of June 30, 2014, the District had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
Money Market Funds	\$517,572	0.00
US Treasury Notes	728,981	1.97
Federal Home Loan Bank	6,754,096	0.77
Federal Home Loan Bank - Discount Note	1,169,972	0.08
Freddie Mac	2,846,162	1.49
Fannie Mae	2,797,141	2.48
Federal Farm Credit Banks	1,560,489	0.51
Commercial Paper	4,592,639	0.27
Total Fair Value	\$20,967,052	
Portfolio Weighted Average Maturity		0.99

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

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Concentration of Credit Risk – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 2% in Money Market Funds, 3% in US Treasury Note, 32% in Federal Home Loan Bank, 6% in Federal Home Loan Bank - Discount Note, 14% in Freddie Mac, 13% in Fannie Mae, 7% in Federal Farm Credit Banks, and 23% in Commercial Paper.

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

Note 4 – Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The District receives property taxes from Hamilton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2015 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2014. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The amount available for advance was \$3,400,000 in the General Fund, \$1,060,000 in the Debt Service Fund and \$160,000 in Other Governmental Funds.

The assessed values upon which the fiscal year 2014 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$267,276,850
Public Utility Personal	<u>4,015,270</u>
Total	<u><u>\$271,292,120</u></u>

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Income Tax

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

Note 5 – Receivables

Receivables at June 30, 2014, consisted of taxes, accounts (rent and student fees), interest, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Note 6 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$629,493	\$0	\$0	\$629,493
Construction in Progress	2,980,680	10,921,372	0	13,902,052
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	32,834,711	0	0	32,834,711
Equipment	2,991,655	190,078	0	3,181,733
Totals at Historical Cost	<u>39,436,539</u>	<u>11,111,450</u>	<u>0</u>	<u>50,547,989</u>
Less Accumulated Depreciation:				
Buildings and Improvements	13,391,397	799,585	0	14,190,982
Equipment	2,264,701	135,223	0	2,399,924
Total Accumulated Depreciation	<u>15,656,098</u>	<u>934,808</u>	<u>0</u>	<u>16,590,906</u>
Governmental Activities Capital Assets, Net	<u>\$23,780,441</u>	<u>\$10,176,642</u>	<u>\$0</u>	<u>\$33,957,083</u>

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Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$481,527
Special	23,646
Support Services:	
Pupil	8,304
Instructional Staff	134,806
School Administration	25,210
Fiscal	8,265
Operations and Maintenance	138,852
Pupil Transportation	65,710
Central	9,010
Operation of Non-Instructional Services	6,243
Extracurricular Activities	33,235
Total Depreciation Expense	<u>\$934,808</u>

Note 7 – Long-Term Liabilities

	Interest Rate	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
Governmental Activities:						
General Obligation Bonds:						
1998B School Improvement	4.97%	\$3,725,000	\$0	\$635,000	\$3,090,000	\$690,000
2006 Refunding Bonds:						
Current Interest Bonds -						
School Improvement	3.00%-5.00%	12,065,000	0	0	12,065,000	0
Capital Appreciation Bonds - Principal	3.90%-4.28%	707,762	0	240,079	467,683	217,987
Capital Appreciation Bonds - Interest Only		392,631	53,181	144,921	300,891	0
Premium on 2006 Refunding Bonds		639,086	0	58,098	580,988	0
2013 General Obligation Bonds		25,035,000	0	5,000	25,030,000	125,000
Premium On General Obligation Bonds	2.00-5.00%	1,858,295	0	51,334	1,806,961	0
Total General Obligation Bonds		44,422,774	53,181	1,134,432	43,341,523	1,032,987
Capital Leases		2,111,600	0	318,000	1,793,600	169,900
Total Long Term Debt		46,534,374	53,181	1,452,432	45,135,123	1,202,887
Compensated Absences		967,966	381,212	229,719	1,119,459	205,581
Total Governmental Activities		<u>\$47,502,340</u>	<u>\$434,393</u>	<u>\$1,682,151</u>	<u>\$46,254,582</u>	<u>\$1,408,468</u>

General obligation bonds will be paid from the Debt Service Fund. The bond anticipation notes will be paid out of the Building Fund. Capital leases will be paid from the General Fund and the Permanent Improvement Fund. Compensated absences will be paid from the fund from which the person is paid.

In April 2012, the District issued a bond anticipation note for \$25,037,000 that was included as long-term liabilities, since the District took the steps to refinance the notes on a long-term basis before the financial statements were issued.

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$815,000	\$1,878,675	\$2,693,675	\$217,987	\$152,013	\$370,000
2016	895,000	1,834,929	2,729,929	249,696	195,304	445,000
2017	1,385,000	1,779,712	3,164,712	0	0	0
2018	1,460,000	1,711,437	3,171,437	0	0	0
2019	1,745,000	1,634,787	3,379,787	0	0	0
2020-2024	10,580,000	6,772,860	17,352,860	0	0	0
2025-2029	2,475,000	5,193,369	7,668,369	0	0	0
2030-2034	2,910,000	4,783,637	7,693,637	0	0	0
2035-2039	4,100,000	3,995,750	8,095,750	0	0	0
2040-2044	5,375,000	2,808,875	8,183,875	0	0	0
2045-2049	6,860,000	1,287,250	8,147,250	0	0	0
2050	1,585,000	39,625	1,624,625	0	0	0
Total	<u>\$40,185,000</u>	<u>\$33,720,906</u>	<u>\$73,905,906</u>	<u>\$467,683</u>	<u>\$347,317</u>	<u>\$815,000</u>

Note 8 – Capital Leases

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

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

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

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

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Fiscal Year Ending June 30,	Long-Term Debt
2015	\$264,672
2016	202,489
2017	195,003
2018	194,977
2019	194,837
2020-2024	972,352
2025-2026	<u>387,694</u>
Total Minimum Lease Payments	2,412,024
Less: Amount Representing Interest	(611,153)
Less: Additional Program Cost Component	<u>(7,271)</u>
Present Value of Minimum Lease Payments	<u>\$1,793,600</u>

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

Buildings and Improvements	\$4,100,000
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Note 9 - Pension Plans

School Employees Retirement System of Ohio

Plan Description

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

Funding Policy

Plan members are required to contribute 10% of their annual covered salary and District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10%. The remaining 0.90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The District's contributions to SERS for the years ended June 30, 2014, 2013, and 2012 were \$443,184, \$495,336, and \$473,376, respectively; 83% has been contributed for fiscal year 2014 and 100% has been contributed for fiscal years 2013 and 2012.

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

State Teachers Retirement System of Ohio

Plan Description

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

Plan Options

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

DB Plan Benefits

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

DC Plan Benefits

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits

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

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

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

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

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Funding Policy

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

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2014, were 10% of covered payroll for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2014, 2013, and 2012 were \$1,691,496, \$1,674,156, and \$1,592,976, respectively; 83% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 10- Post Employment Benefits

School Employees Retirement System of Ohio

Plan Description

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 depending on their income; SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was 0.74%. District contributions for the year ended June 30, 2014, 2013 and 2012 were \$23,425, \$26,182, and \$25,359, respectively, which equaled the required contributions each year.

Health Care Plan

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

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

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2014, the health care allocation was 0.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$5,065, \$5,661, and \$18,597, respectively; 83% has been contributed for fiscal year 2014 and 100% has been contributed for fiscal years 2013 and 2012.

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

State Teachers Retirement System of Ohio

Plan Description

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

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

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

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

Funding Policy

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contributions rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2014, 2013 and 2012. The 14% employer contribution rate is the maximum rate established under Ohio law. The District contributions for the years ended June 30, 2014, 2013, and 2012 were \$120,821, \$119,583, and \$113,784, respectively; 83% has been contributed for fiscal year 2014 and 100% for fiscal years 2013 and 2012.

Note 11 – Contingent Liabilities

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Litigation

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

Note 12 – Risk Management

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 2014, the District contracted with Ohio Casualty Insurance Company for property and fleet insurance, liability insurance, and inland marine coverage. Coverage's provided by Ohio Casualty Insurance Company are as follows:

Building and Contents - Replacement Cost	\$60,920,619
Inland Marine Coverage	1,480,750
Boiler and Machinery	No Limit
Crime Insurance	100,000
Automobile Liability	2,000,000
Uninsured Motorist	1,000,000
General Liability	
Per Occurrence	2,000,000
Total Per Year	2,000,000

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

For fiscal year 2014, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting Company provides administrative, cost control and actuarial services to the GRP.

Note 13 – Jointly Governed Organizations

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Note 14 – Claims Servicing Pool

The District participates as one of 14 members of the Greater Cincinnati Insurance Consortium (GCIC), a shared risk pool, comprised of thirteen Hamilton County school districts and the Hamilton County Educational Service Center. Decisions concerning the operation of the consortium are made by a Board of Directors consisting of the Superintendent or a designated representative from each of the 14 GCIC members. GCIC transitioned from a fully insured plan with Anthem Blue Cross and Blue Shield to a self-insured plan in 2007, and now pay premiums based on expected costs developed by an independent actuary. This fund arrangement allows the plan to avoid paying state premium taxes and additional expenses associated with a fully insured plan. The consortium's financial success since 2007 has been shared with the member districts and their employees by passing on only a portion of the required annual premium increases, if any.

Note 15 – Accountability

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

<u>Other Governmental Funds</u>	<u>Deficit</u>
Food Service	\$35,113
Special Education	34,831

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

Note 16 – Fund Balance Reserves for Set-Asides

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

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

Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2013	\$0
Current Year Set-aside Requirement	319,245
Qualified Disbursements	(199,390)
Current Year Offsets	(119,855)
Set-aside Reserve Balance as of June 30, 2014	<u>\$0</u>

Note 17 – Interfund Transactions

Interfund transactions at June 30, 2014, consisted of the following interfund receivable and interfund payable:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$59,800	\$0	\$0	\$26,000
Other Governmental Funds	0	59,800	26,000	0
Total All Funds	<u>\$59,800</u>	<u>\$59,800</u>	<u>\$26,000</u>	<u>\$26,000</u>

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

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Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 18 – Fund Balances

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

Fund Balances	General	Debt Service	Building	Other Governmental Funds	Total
Restricted for:					
Other Grants	\$0	\$0	\$0	\$16,030	\$16,030
Student Activity	0	0	0	85,030	85,030
Auxiliary Services	0	0	0	30,373	30,373
Title III Limited English Proficiency	0	0	0	3,354	3,354
Data Communication	0	0	0	22,500	22,500
Title I	0	0	0	25,104	25,104
Improving Teacher Quality	0	0	0	349	349
Debt Service	0	3,858,711	0	0	3,858,711
Building	0	0	11,143,781	0	11,143,781
Permanent Improvement	0	0	0	1,382,425	1,382,425
Total Restricted	0	3,858,711	11,143,781	1,565,165	16,567,657
Assigned to:					
Encumbrances	99,584	0	0	0	99,584
Public School Support	433,741	0	0	0	433,741
Budgetary Variance	1,410,644	0	0	0	1,410,644
Total Assigned	1,943,969	0	0	0	1,943,969
Unassigned (Deficit)	12,867,691	0	0	(69,944)	12,797,747
Total Fund Balance	\$14,811,660	3,858,711	\$11,143,781	\$1,495,221	\$31,309,373

Note 19 – Change in Accounting Principles

The District adopted the provisions of GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement Number 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. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the District.

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Wyoming City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Note 20– Prior Period Adjustment

In prior periods, the District had reported assets related to bond issuance costs in the Governmental Activities entity-wide financial statements. GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*, has reclassified debt issuance costs as an expense in the period incurred rather than amortizing the costs over the life of the debt. The implementation of GASB Statement Number 65 requires a restatement of prior period's net position as follows:

	<u>Governmental Activities</u>
Net Position - June 30, 2013	\$18,516,731
Prior Period Adjustments:	
Bond Issuance Costs	(250,056)
Restated Net Position - June 30, 2013	<u><u>\$18,266,675</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

Wyoming City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$15,214,158	\$15,556,481	\$15,591,520	\$35,039
Tuition and Fees	552,314	564,741	566,013	1,272
Investment Earnings	61,582	62,967	63,109	142
Intergovernmental	6,446,070	6,591,108	6,605,954	14,846
Other Revenues	153,520	156,974	157,328	354
Total Revenues	22,427,644	22,932,271	22,983,924	51,653
Expenditures:				
Current:				
Instruction:				
Regular	12,175,628	12,175,628	11,875,614	300,014
Special	2,335,505	2,335,505	2,277,957	57,548
Vocational	34,111	34,111	33,270	841
Other	12,998	12,998	12,678	320
Support Services:				
Pupil	1,519,698	1,519,698	1,482,252	37,446
Instructional Staff	1,018,960	1,018,960	993,852	25,108
General Administration	158,831	158,831	154,917	3,914
School Administration	1,806,616	1,806,616	1,762,100	44,516
Fiscal	820,733	820,733	800,510	20,223
Business	2,177	2,177	2,123	54
Operations and Maintenance	1,883,551	1,883,551	1,837,139	46,412
Pupil Transportation	477,375	477,375	465,612	11,763
Central	147,894	147,894	144,250	3,644
Extracurricular Activities	541,666	541,666	528,319	13,347
Debt Service:				
Principal Retirement	107,653	107,653	105,000	2,653
Interest and Fiscal Charges	81,622	81,622	79,611	2,011
Total Expenditures	23,125,018	23,125,018	22,555,204	569,814
Excess of Revenues Over (Under) Expenditures	(697,374)	(192,747)	428,720	621,467
Other Financing Sources (Uses):				
Advances In	100,468	102,729	102,960	231
Transfers (Out)	(26,657)	(26,657)	(26,000)	657
Total Other Financing Sources (Uses)	73,811	76,072	76,960	888
Net Change in Fund Balance	(623,563)	(116,675)	505,680	622,355
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	10,114,984	10,114,984	10,114,984	0
Fund Balance End of Year	\$9,491,421	\$9,998,309	\$10,620,664	\$622,355

See accompanying notes to the required supplementary information.

Wyoming City School District
Notes to the Required Supplementary Information
For The Year Ended June 30, 2014

Note 1 – Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2014.

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

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

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

Wyoming City School District
Notes to the Required Supplementary Information
For The Year Ended June 30, 2014

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$413,558
Revenue Accruals	(22,524)
Expenditure Accruals	151,160
Advances (In)	102,960
Encumbrances	(111,471)
Funds Budgeted Elsewhere	<u>(28,003)</u>
Budget Basis	<u><u>\$505,680</u></u>

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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*

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

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 Wyoming City School District, Hamilton County, Ohio (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 7, 2015.

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 opinion 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 style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

Columbus, Ohio

April 7, 2015



Dave Yost • Auditor of State

WYOMING CITY SCHOOL DISTRICT

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 7, 2015**