



Dave Yost • Auditor of State

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Van Wert City School District
Van Wert County
205 West Crawford Street
Van Wert, Ohio 45891

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Wert City School District, Van Wert County, Ohio (the School District), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Van Wert City School District, Van Wert County, Ohio, as of June 30, 2010, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2011, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Dave Yost
Auditor of State

February 24, 2011

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

The discussion and analysis of Van Wert City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010, within the limitations of cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Highlights

Highlights for fiscal year 2010 are as follows:

- In total, net assets increased \$995,862, or almost 13 percent. Although the increase in receipts (5.3 percent) and disbursements (4.8 percent) was similar, the excess of receipts over disbursements provided for the increase in net assets.
- The School District's general receipts, those being primarily property taxes, income taxes, and unrestricted state entitlements, were over 82 percent of the total cash received during the fiscal year.
- As of June 30, 2010, the School District, through donations provided by the Athletic Boosters, was close to finalizing all construction on a new soccer field, running track and field events area, fencing, bleachers, a scoreboard, and a field house. All of these improvements are located at the high school/middle school site located on State Route 118.
- The School District's five-year forecast illustrates that operating disbursements will exceed operating receipts from fiscal year 2012 through fiscal year 2015, with the School District running out of money in fiscal year 2014. In November 2008, the voters renewed a 1 percent five-year income tax levy (collections began in January 2009). This levy generates approximately \$2,290,000 in operating receipts annually.
- All property tax levies for operating funds are continuing levies; however, State legislation has phased out the tax on tangible personal property. The tangible personal property tax prior to the phase-out provided approximately 25 percent of local tax receipts for the School District. Temporary reimbursement from the State for the loss of funds is continued through fiscal year 2010, but will be phased out completely by fiscal year 2018, with the eventual net loss to the School District estimated to be in excess of \$1,500,000. A lack of significant increases in State foundation funding negatively affects School District balances as reflected in the five-year forecast. The Administration will continue to make every effort to reduce costs while maintaining an exceptional educational program.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

The School District has elected to present its financial statements on the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. Under the School District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

The statement of net assets and the statement of activities provide information about the cash activities of the whole School District.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other non-major funds presented in total in a single column. For Van Wert City School District, the General Fund and the Bond Retirement debt service fund are the most significant funds.

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Factors which contribute to these changes may also include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, all of the School District's activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, food service, extracurricular activities, capital outlay, and debt service disbursements.

Reporting the School District's Most Significant Funds

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

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using the cash basis accounting. The governmental fund financial statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

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

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2010 and fiscal year 2009:

Table 1			
Net Assets			
	Governmental Activities		
	2010	2009	Change
Assets:			
Cash and Cash Equivalents	\$8,823,560	\$7,827,698	\$995,862
Net Assets:			
Restricted	2,423,648	1,554,046	869,602
Unrestricted	6,399,912	6,273,652	126,260
Total Net Assets	\$8,823,560	\$7,827,698	\$995,862

As mentioned previously, total net assets increased almost 13 percent from the prior fiscal year. Much of this increase can be attributed to the remaining resources obtained through the Ohio School Facilities Commission related to the school construction activities and additional grant resources due, in large part, to monies received through the American Recovery and Reinvestment Act (ARRA). Most of these resources are reflected in the increase in restricted net assets.

Table 2 reflects the changes in net assets for fiscal year 2010 and fiscal year 2009.

Table 2			
Changes in Net Assets			
	Governmental Activities		
	2010	2009	Change
Receipts:			
Program Receipts:			
Charges for Services	\$ 1,384,660	\$1,387,640	(\$ 2,980)
Operating Grants, Contributions, and Interest	3,084,836	2,246,668	838,168
Capital Grants, Contributions, and Interest	131	9,392	(9,261)
Total Program Receipts	4,469,627	3,643,700	825,927
General Receipts:			
Property Taxes Levied for:			
General Purposes	4,868,786	5,225,455	(356,669)
Debt Service	1,331,463	1,377,046	(45,583)
Permanent Improvements	334,490	356,838	(22,348)
Income Taxes Levied for General Purposes	2,088,605	2,326,188	(237,583)
Payment in Lieu of Taxes	195,045	194,371	674
Grants and Entitlements	11,505,523	10,313,829	1,191,694
Interest	55,585	115,675	(60,090)
Gifts and Donations	34,682	33,863	819
Miscellaneous	145,140	166,416	(21,276)
Total General Receipts	20,559,319	20,109,681	449,638
Total Receipts	25,028,946	23,753,381	1,275,565

(Continued)

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

**Table 2
Changes in Net Assets
(Continued)**

	Governmental Activities		
	2010	2009	Change
Disbursements:			
Instruction:			
Regular	10,592,823	10,408,948	(183,875)
Special	2,757,236	2,680,525	(76,711)
Vocational	1,080	30,649	29,569
Support Services:			
Pupils	955,090	846,100	(108,990)
Instructional Staff	1,227,431	1,094,556	(132,875)
Board of Education	43,763	36,369	(7,394)
Administration	1,647,385	1,520,634	(126,751)
Fiscal	546,214	549,882	3,668
Operation and Maintenance of Plant	1,853,669	1,852,158	(1,511)
Pupil Transportation	492,662	420,622	(72,040)
Central	286,715	281,470	(5,245)
Food Service	852,003	858,190	6,187
Extracurricular Activities	547,870	503,262	(44,608)
Capital Outlay	383,307	21,824	(361,483)
Debt Service:			
Principal Retirement	339,920	367,212	27,292
Interest and Fiscal Charges	1,505,916	1,462,692	(43,224)
Total Disbursements	24,033,084	22,935,093	(1,097,991)
Increase in Net Assets	995,862	818,288	177,574
Net Assets at Beginning of Year	7,827,698	7,009,410	818,288
Net Assets at End of Year	<u><u>\$8,823,560</u></u>	<u><u>\$7,827,698</u></u>	<u><u>\$ 995,862</u></u>

In total, receipts increased slightly over 5 percent from the prior fiscal year. Program receipts increased almost 23 percent and due primarily to the receipt of ARRA grant monies. The receipt of ARRA grant monies as well as Ohio School Facilities Commission monies is reflected in the increase in unrestricted grants and entitlements of over \$1.1 million. This increase, however, was somewhat offset by decreases in property taxes, income taxes, and interest receipts which can generally be attributed to the economic conditions of the past year.

In total, disbursements increased a slightly less than 5 percent from fiscal year 2009. A portion of this increase is related to the provision of services related to the ARRA grants as well as additional staff in some areas (such as a physical therapist and the need for additional substitutes in fiscal year 2010). The major program disbursements for governmental activities are for instruction, which are approximately 56 percent of total governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation are 11 percent of governmental disbursements. Maintenance of the School District's facilities also represents a significant disbursement at 8 percent. Therefore, 75 percent of the School District's disbursements are directly related to the activities of providing facilities and delivering education.

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

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Instruction:				
Regular	\$10,592,823	\$10,408,948	\$ 9,548,451	\$ 9,362,988
Special	2,757,236	2,680,525	462,206	1,200,594
Vocational	1,080	30,649	(5,899)	23,722
Support Services:				
Pupils	955,090	846,100	945,921	835,039
Instructional Staff	1,227,431	1,094,556	1,227,189	1,094,194
Board of Education	43,763	36,369	43,763	36,369
Administration	1,647,385	1,520,634	1,647,385	1,520,634
Fiscal	546,214	549,882	539,414	543,082
Operation and Maintenance of Plant	1,853,669	1,852,158	1,853,669	1,852,158
Pupil Transportation	492,662	420,622	481,842	404,986
Central	286,715	281,470	272,997	263,470
Food Service	852,003	858,190	(68,661)	(42,744)
Extracurricular Activities	547,870	503,262	386,037	345,173
Capital Outlay	383,307	21,824	383,307	21,824
Debt Service:				
Principal Retirement	339,920	367,212	339,920	367,212
Interest and Fiscal Charges	1,505,916	1,462,692	1,505,916	1,462,692
Total Disbursements	\$24,033,084	\$22,935,093	\$19,563,457	\$19,291,393

The total costs of services versus the net costs of services varies somewhat from the prior fiscal year and, in general, is a reflection of the effect of the ARRA grant monies received in fiscal year 2010. As can be seen above, the dependence on general receipts for most programs is significant with over 81 percent of program costs being paid from general receipts. Only several of the School District's programs receive a notable amount of program receipts to offset program costs. The special instruction program provided for 83 percent of its costs through program receipts from operating grants restricted for special instruction purposes (this is substantially more than the prior fiscal year due to the receipt of ARRA grant monies). Program receipts food service program include cafeteria sales and state and federal subsidies and donated commodities for food service operations. Program receipts in the extracurricular activities program include music and athletic fees, ticket sales, and gate receipts.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. The General Fund did not change significantly from the prior fiscal year (2 percent change in fund balance). Debt service requirements exceeded property tax related receipts in fiscal year 2010 leading to a decrease in fund balance in the Bond Retirement debt service fund.

General Fund Budgeting Highlights

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

During fiscal year 2010, the School District amended its General Fund budget as needed. For receipts, there was little change from the original budget to the final budget or from the final budget to the actual receipts. For disbursements, changes from the original budget to the final budget and from the final budget to actual disbursements were not significant.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010, the School District had \$51,810,036 in capital assets for governmental activities. The School District is reflecting capital assets at cost. Donated capital assets are reflected at their fair market value as of the date received. For further information regarding the School District's capital assets, refer to Note 7 to the basic financial statements.

Debt

At June 30, 2010, the School District's outstanding debt included general obligation bonds, in the amount of \$23,210,096, issued for building construction and improvement and a school improvement loan, in the amount of \$1,825,000. For further information regarding the School District's debt, refer to Note 13 to the basic financial statements.

Current Issues

The School District is entering a time period which is expected to have severe financial implications. While the School District ended fiscal year 2010 with a cash balance increase of \$995,862 over the prior fiscal year, that increase was buoyed by \$585,508 of State Fiscal Stabilization Funds (SFSF), which are part of the American Recovery and Reinvestment Act (ARRA), and an advance return of \$200,000 from the Permanent Improvement Fund. These two revenue sources will expire after fiscal year 2011. A temporary revenue source to help off-set this future loss of revenue is the recent federally enacted Education Jobs Fund Grant which will provide \$442,674 to support the School District's operating expenses. The School District primarily has a two-year window of fiscal year 2011 and 2012 to use these funds, and, presently, the School District expects to spend most, if not all, of its Education Jobs Fund dollars in fiscal year 2012.

To further stress the finances of the School District, the State of Ohio will begin to phase out the tangible personal property tax reimbursement which was part of HB 66 adopted by the State on June 30, 2005. This reduction will amount to an annual loss of approximately \$1,500,000 beginning with fiscal year 2012 and being completely phased out after fiscal year 2018. On top of all of this, with the State of Ohio economy struggling and the State looking at the \$8 billion deficit in the July 1, 2011, through June 30, 2013, biennial budget, the School District is expecting State funding to be cut anywhere from 10 percent to 20 percent; these percentages would equate to losses of \$885,438 to \$1,770,875 to the School District.

An issue that has been on-going is the amount of money the School District has been losing to open enrollment. The net loss for fiscal years 2006, 2007, 2008, 2009, and 2010 has been approximately \$591,000, \$743,000, \$815,000, \$981,000, and \$1,025,421, respectively. The Board of Education and the Administration are working with the Community Advisory Council to fix this ever increasing loss of students and funds.

The School District is looking at a number of cost-cutting options to try to account for the loss of revenues.

The School District's current negotiated agreement with the teacher's union expires August 15, 2011.

The School District is currently in the middle of a five-year 1 percent income tax levy that expires December 31, 2013, which was originally projected to collect \$2,290,000 per year.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED
(Continued)**

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Michael Ruen, Treasurer, Van Wert City School District, 205 West Crawford Street, Van Wert, Ohio 45891.

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**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2010**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$8,823,560</u></u>
 Net Assets:	
Restricted for:	
Capital Projects	916,109
Debt Service	774,705
Athletics and Music	112,095
Other Purposes	514,576
Needy Students/Educational Purposes:	
Expendable	28,069
Non-expendable	78,094
Unrestricted	<u>6,399,912</u>
Total Net Assets	<u><u>\$8,823,560</u></u>

See Accompanying Notes to Basic Financial Statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Program Cash Receipts</u>			Net (Disbursement) Receipt and Change in Net Assets	
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>	<u>Capital Grants, Contributions, and Interest</u>	<u>Governmental Activities</u>
Governmental Activities:					
Instruction:					
Regular	\$10,592,823	\$821,785	\$222,456	\$131	(\$9,548,451)
Special	2,757,236	22,411	2,272,619		(462,206)
Vocational	1,080		6,979		5,899
Support Services:					
Pupils	955,090		9,169		(945,921)
Instructional Staff	1,227,431		242		(1,227,189)
Board of Education	43,763				(43,763)
Administration	1,647,385				(1,647,385)
Fiscal	546,214	6,800			(539,414)
Operation and Maintenance of Plant	1,853,669				(1,853,669)
Pupil Transportation	492,662		10,820		(481,842)
Central	286,715		13,718		(272,997)
Food Service	852,003	409,926	510,738		68,661
Extracurricular Activities	547,870	123,738	38,095		(386,037)
Capital Outlay	383,307				(383,307)
Debt Service:					
Principal Retirement	339,920				(339,920)
Interest and Fiscal Charges	1,505,916				(1,505,916)
Total Governmental Activities	<u>\$24,033,084</u>	<u>\$1,384,660</u>	<u>\$3,084,836</u>	<u>\$131</u>	<u>(19,563,457)</u>

General Receipts:

Property Taxes Levied for:

General Purposes	4,868,786
Debt Service	1,331,463
Permanent Improvements	334,490
Income Taxes Levied for General Purposes	2,088,605
Payment in Lieu of Taxes	195,045
Grants and Entitlements not Restricted to Specific Programs	11,505,523
Interest	55,585
Gifts and Donations	34,682
Miscellaneous	145,140
Total General Receipts	<u>20,559,319</u>
 Change in Net Assets	 995,862
 Net Assets at Beginning of Year	 <u>7,827,698</u>
 Net Assets at End of Year	 <u>\$8,823,560</u>

See Accompanying Notes to Basic Financial Statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$6,347,138	\$774,705	\$1,642,327	\$8,764,170
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	59,390			59,390
Total Assets	<u>6,406,528</u>	<u>774,705</u>	<u>1,642,327</u>	<u>8,823,560</u>
Fund Balances:				
Reserved for Bus Purchase	6,397			6,397
Reserved for Encumbrances	147,230		1,261,708	1,408,938
Reserved for Principal			78,094	78,094
Designated for Budget Stabilization	52,993			52,993
Unreserved, Undesignated Reported in:				
General Fund	6,199,908			6,199,908
Special Revenue Funds			584,590	584,590
Debt Service Fund		774,705		774,705
Capital Projects Funds (Deficit)			(310,134)	(310,134)
Permanent Fund			28,069	28,069
Total Fund Balances	<u>\$6,406,528</u>	<u>\$774,705</u>	<u>\$1,642,327</u>	<u>\$8,823,560</u>

See Accompanying Notes to Basic Financial Statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Receipts:				
Property Taxes	\$4,868,786	\$1,331,463	\$334,490	\$6,534,739
Income Taxes	2,088,605			2,088,605
Payment in Lieu of Taxes	195,045			195,045
Intergovernmental	10,526,956	359,727	3,651,561	14,538,244
Interest	52,174		6,542	58,716
Tuition and Fees	844,196			844,196
Extracurricular Activities			123,738	123,738
Charges for Services	6,800		409,926	416,726
Gifts and Donations	5,730		78,067	83,797
Miscellaneous	74,359		70,781	145,140
Total Receipts	<u>18,662,651</u>	<u>1,691,190</u>	<u>4,675,105</u>	<u>25,028,946</u>
Disbursements:				
Current:				
Instruction:				
Regular	10,493,703		99,120	10,592,823
Special	2,058,496		698,740	2,757,236
Vocational	705		375	1,080
Support Services:				
Pupils	916,941		38,149	955,090
Instructional Staff	1,045,888		181,543	1,227,431
Board of Education	43,763			43,763
Administration	991,174		656,211	1,647,385
Fiscal	487,845	44,687	13,682	546,214
Operation and Maintenance of Plant	1,837,164		16,505	1,853,669
Pupil Transportation	346,314		146,348	492,662
Central	216,018		70,697	286,715
Food Service			852,003	852,003
Extracurricular Activities	291,198		256,672	547,870
Capital Outlay	6,963		376,344	383,307
Debt Service:				
Principal Retirement		292,920	47,000	339,920
Interest on Capital Appreciation Bonds		482,080		482,080
Interest and Fiscal Charges		929,488	94,348	1,023,836
Total Disbursements	<u>18,736,172</u>	<u>1,749,175</u>	<u>3,547,737</u>	<u>24,033,084</u>
Excess of Receipts Over (Under) Disbursements	<u>(73,521)</u>	<u>(57,985)</u>	<u>1,127,368</u>	<u>995,862</u>
Other Financing Sources (Uses):				
Advances In	200,000			200,000
Advances Out			(200,000)	(200,000)
Transfers In			113,804	113,804
Transfers Out			(113,804)	(113,804)
Total Other Financing Sources (Uses)	<u>200,000</u>		<u>(200,000)</u>	
Changes in Fund Balances	126,479	(57,985)	927,368	995,862
Fund Balances at Beginning of Year	<u>6,280,049</u>	<u>832,690</u>	<u>714,959</u>	<u>7,827,698</u>
Fund Balances at End of Year	<u>\$6,406,528</u>	<u>\$774,705</u>	<u>\$1,642,327</u>	<u>\$8,823,560</u>

See Accompanying Notes to Basic Financial Statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET (BUDGET BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Over (Under)
	<u>Original</u>	<u>Final</u>		<u>(Under)</u>
Receipts:				
Property Taxes	\$4,788,595	\$4,788,595	\$4,868,786	\$80,191
Income Taxes	2,289,917	2,289,917	2,088,605	(201,312)
Payment in Lieu of Taxes	175,000	175,000	195,045	20,045
Intergovernmental	10,471,465	10,154,465	10,526,956	372,491
Interest	50,000	50,000	52,174	2,174
Tuition and Fees	782,000	782,000	844,196	62,196
Charges for Services	6,800	6,800	6,800	
Gifts and Donations	7,500	7,500	5,730	(1,770)
Miscellaneous	75,200	75,200	66,986	(8,214)
Total Receipts	18,646,477	18,329,477	18,655,278	325,801
Disbursements:				
Current:				
Instruction:				
Regular	10,882,162	10,977,161	10,508,751	468,410
Special	2,072,358	2,072,358	2,104,735	(32,377)
Vocational			705	(705)
Support Services:				
Pupils	853,217	853,217	917,004	(63,787)
Instructional Staff	847,525	870,075	1,047,104	(177,029)
Board of Education	44,761	44,762	47,063	(2,301)
Administration	1,017,753	1,019,953	991,919	28,034
Fiscal	532,054	532,055	512,911	19,144
Operation and Maintenance of Plant	1,830,512	2,353,513	1,862,576	490,937
Pupil Transportation	394,328	394,328	370,003	24,325
Central	217,673	229,948	219,053	10,895
Extracurricular Activities	295,393	295,393	291,198	4,195
Capital Outlay	4,200	14,200	10,380	3,820
Total Disbursements	18,991,936	19,656,963	18,883,402	773,561
Excess of Receipts Under Disbursements	(345,459)	(1,327,486)	(228,124)	1,099,362
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	5,000	5,000	1,479	(3,521)
Refund of Prior Year Receipts	(25,000)	(25,000)		25,000
Other Financing Sources			5,894	5,894
Other Financing Uses				
Advances In			200,000	200,000
Transfers In	200,000	200,000		(200,000)
Total Other Financing Sources (Uses)	180,000	180,000	207,373	27,373
Changes in Fund Balance	(165,459)	(1,147,486)	(20,751)	1,126,735
Fund Balance at Beginning of Year	6,082,400	6,082,400	6,082,400	
Prior Year Encumbrances Appropriated	197,649	197,649	197,649	
Fund Balance at End of Year	\$6,114,590	\$5,132,563	\$6,259,298	\$1,126,735

See Accompanying Notes to Basic Financial Statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CASH BASIS FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010**

	<u>Private Purpose Trust</u>	<u>Investment Trust</u>	<u>Agency</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$63,612		\$63,627
Cash and Cash Equivalents in Segregated Accounts		\$4,330,664	
Total Assets	<u>63,612</u>	<u>4,330,664</u>	<u>63,627</u>
Net Assets:			
Held in Trust for Scholarships	49,125		
Held for Student Activities			63,627
Held in Trust for Individual Investment Account		4,330,664	
Endowments	14,487		
Total Net Assets	<u>\$63,612</u>	<u>\$4,330,664</u>	<u>\$63,627</u>

See Accompanying Notes to Basic Financial Statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**STATEMENT OF CHANGES IN CASH BASIS FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Private Purpose Trust</u>
Additions:	
Interest	\$892
Contributions	<u>9,892</u>
Total Additions	<u>10,784</u>
Deductions:	
Non-Instructional Services	<u>11,966</u>
Change in Net Assets	(1,182)
Net Assets at Beginning of Year	<u>64,794</u>
Net Assets at End of Year	<u><u>\$63,612</u></u>

See Accompanying Notes to Basic Financial Statements.

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**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1968. The School District serves an area of approximately seventy square miles. It is located in Van Wert County and includes the City of Van Wert, the Village of Ohio City, and Liberty Township. The School District is the 242nd largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by ninety-one classified employees, one hundred fifty-three certified teaching personnel, and fourteen administrative employees who provide services to 2,027 students and other community members. The School District currently operates six instructional buildings and a maintenance/transportation building.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the Van Wert City School District.

The School District's reporting entity includes the following:

Non-Public School - Within the School District's boundaries, St. Mary of the Assumption is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity is reflected in a special revenue fund of the School District.

The School District participates in two jointly governed organizations and two insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, the Vantage Career Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Van Wert Area Schools Insurance Group. These organizations are presented in Notes 17 and 18 to the basic financial statements.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

2. Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds

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

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

Bond Retirement Fund - The Bond Retirement debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on general obligation bonds issued for the construction of a new high school/middle school.

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

2. Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The investment trust fund accounts for the Van Wert Area School Insurance Group, an individual investment account. The private purpose trust funds account for college scholarships for students after graduation and to provide aid to needy school children. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various student-managed and non-instructional staff-related activities.

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

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

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

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

E. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds, with the exception of the investment trust fund, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2010, investments included nonnegotiable certificates of deposit, repurchase agreements, and STAR Ohio. Nonnegotiable certificates of deposit and repurchase agreements are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 was \$52,174, which includes \$21,522 assigned from other School District funds.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

F. Restricted Assets

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

G. Capital Assets

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

H. Compensated Absences

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

I. Long-Term Obligations

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

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance Reserves and Designation

The School District reserves those portions of fund balance which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for bus purchase, encumbrances, and principal. The reserve for principal represents the non-expendable portion of the permanent fund.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A designation of fund balance represents a self-imposed limitation on the use of available expendable resources by the Board of Education. The designation for budget stabilization represents monies set aside by resolution of the Board of Education to offset revenue/expenditure fluctuations.

L. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 disbursements to the funds that initially paid for them are not presented on the financial statements.

3. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

3. DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers' acceptances if training requirements have been met.

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

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$2,148,160 of the School District's bank balance of \$8,664,821 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

B. Investments

As of June 30, 2010, the School District had the following investments.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

3. DEPOSITS AND INVESTMENTS (Continued)

	Fair Value	Maturity
Repurchase Agreements	\$1,306,578	July 1, 2010
STAR Ohio	4,845,957	56 days average
	\$6,152,535	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District.

The securities underlying the repurchase agreements (Federal National Mortgage Association Notes) carry a rating of AAA by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that repurchase agreements be limited to investments in United States treasury securities and federal governmental agency securities. STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreements are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterpartys's trust department or agent but not in the School District's name. The School District has no investment policy dealing with custodial credit risk beyond the requirements of the State statute.

The School District places no limit on the amount of its interim monies it may invest in a particular security. At June 30, 2010, 21 percent of the School District's investments were invested in repurchase agreements.

4. PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. PROPERTY TAXES (Continued)

Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Van Wert County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2010, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$169,537,000	77.87%	\$170,462,280	77.77%
Industrial/Commercial	41,076,410	18.87	41,315,580	18.85
Public Utility	7,091,810	3.26	7,401,170	3.38
Total Assessed Value	<u>\$217,705,220</u>	<u>100.00%</u>	<u>\$219,179,030</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$53.60		\$53.60	

5. INCOME TAXES

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2009, for a five-year period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

6. PAYMENT IN LIEU OF TAXES

According to State law, Van Wert County has entered into agreements with a number of property owners under which the County has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the County which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The agreements provide for a portion of these payments to be made to the School District. The property owner's contractual promise to make these payments in lieu of taxes generally continue until the agreement expires.

7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance at 6/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/10</u>
Governmental Activities:				
Non-depreciable Capital Assets:				
Land	\$ 521,339			\$ 521,339
Construction in Progress	1,421,263	\$553,655		1,974,918
Total Non-depreciable Capital Assets	<u>1,942,602</u>	<u>553,655</u>		<u>2,496,257</u>
Depreciable Capital Assets:				
Land Improvements	761,018			761,018
Buildings and Building Improvements	46,877,094			46,877,094
Furniture, Fixtures, and Equipment	664,870	19,713		684,583
Vehicles	1,110,103	195,645	(\$314,664)	991,084
Total Depreciable Capital Assets	<u>49,413,085</u>	<u>215,358</u>	<u>(314,664)</u>	<u>49,313,779</u>
Governmental Activities Capital Assets	<u>\$51,355,687</u>	<u>\$769,013</u>	<u>(\$314,664)</u>	<u>\$51,810,036</u>

8. INTERFUND BALANCES

At June 30, 2010, the General Fund had an unpaid interfund cash advance, in the amount of \$200,000, to other governmental funds for loans made to those funds.

9. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District contracted for the following insurance coverage.

Coverage provided by Ohio Casualty Insurance Company is as follows:

Building and Contents	\$73,332,200
General School District Liability	
Per Occurrence	1,000,000
Total per Year	2,000,000
Automobile Liability	1,000,000
Uninsured/Underinsured Motorists	1,000,000
Umbrella Liability	
Per Occurrence	4,000,000
Total per Year	4,000,000

**VAN WERT CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

9. RISK MANAGEMENT (Continued)

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

For fiscal year 2010, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants 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. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

The School District participates in the Van Wert Area Schools Insurance Group (VWASIG). VWASIG is a public entity shared risk pool consisting of five members. The School District pays monthly premiums to VWASIG for employee medical, dental, and life insurance benefits. VWASIG is responsible for the management and operation of the program. Upon withdrawal from VWASIG, a member is responsible for the payment of all VWASIG liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

10. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

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

**VAN WERT CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

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

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio Board upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 was \$1,190,704, \$1,172,852, and \$1,194,828, respectively; 83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DCP and CP for fiscal year 2010 were \$7,546 made by the School District and \$5,390 made by the plan members.

B. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 was \$301,189, \$214,587, and \$211,657; 23 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2010, two of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**VAN WERT CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. POSTEMPLOYMENT BENEFITS

A. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2010, 2009, and 2008 was \$92,173, \$90,479, and \$91,927, respectively; 83 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. School Employees Retirement System

Plan Description - The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians fees through several types of plans including HMO's, PPO's, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For fiscal year 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2010, the surcharge amount was \$37,187.

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

The School District's contribution for health care for the fiscal years ended June 30, 2010, 2009, and 2008 was \$10,841, \$98,205, and \$96,586, respectively; 23 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**VAN WERT CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2010, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008, was \$17,911, \$17,705, and \$15,250, respectively; 23 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

12. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Up to five days of unused vacation may be carried forward to the succeeding fiscal year for classified employees. The superintendent, high school principal, and treasurer earn twenty days of vacation per fiscal year and may accumulate up to sixty days. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of one hundred ninety-five days for all employees. Upon retirement, payment is made for 25.7 percent of accrued but unused sick leave credit up to a maximum of 50.12 days. Employees who have accumulated one hundred ninety-five days of sick leave may accumulate an additional twenty-five days to be paid upon retirement. This will result in an overall maximum payment of 75.12 days.

B. Employee Insurance Benefits

The School District provides medical, dental, and life insurance to most employees through the Van Wert Area Schools Insurance Group.

13. LONG-TERM OBLIGATIONS

Changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	<u>Balance at 6/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/10</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds:					
FY 2007 School Improvement Refunding:					
Serial Bonds 4 - 4. 25%	\$ 6,710,000		\$ 35,000	\$ 6,675,000	\$40,000
Term Bonds 4.25%	2,580,000			2,580,000	
Capital Appreciation Bonds	5,000			5,000	
Accretion on Capital Appreciation Bonds	5,161	\$ 3,259		8,420	
Premium	599,901		2,259	597,642	
Accounting Loss	(430,171)		(1,620)	(428,551)	

(Continued)

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

13. LONG-TERM OBLIGATIONS (Continued)

	<u>Balance at 6/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/10</u>	<u>Amounts Due Within One Year</u>
General Obligation Bonds: (Continued)					
FY 2007 School Improvement Refunding:					
Serial Bonds 4%	8,845,000		60,000	8,785,000	65,000
Capital Appreciation Bonds	60,000			60,000	
Accretion on Capital Appreciation Bonds	59,695	38,488		98,183	
Premium	605,145		4,077	601,068	
Discount	(20,054)		(135)	(19,919)	
Accounting Loss	(427,363)		(2,879)	(424,484)	
FY 2003 School Improvement:					
Serial Bonds 2-5%	4,515,000			4,515,000	680,000
Capital Appreciation Bonds	197,920		197,920		
Accretion on Capital Appreciation Bonds	436,457	45,623	482,080		
Premium	185,706		27,969	157,737	
Total General Obligation Bonds	<u>23,927,397</u>	<u>87,370</u>	<u>804,671</u>	<u>23,210,096</u>	<u>785,000</u>
TY 2006 School Improvement Loan 5.04%	<u>1,872,000</u>		<u>47,000</u>	<u>1,825,000</u>	<u>50,000</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$25,799,397</u>	<u>\$87,370</u>	<u>\$851,671</u>	<u>\$25,035,096</u>	<u>\$835,000</u>

FY 2007 School Improvement Refunding Bonds - On November 30, 2006, the School District issued bonds, in the amount of \$9,380,000, to partially refund bonds previously issued in fiscal year 2003 for the construction of a new high school. The refunding bond issue includes serial, term, and capital appreciation bonds, in the original amount of \$6,795,000, \$2,580,000 and \$5,000, respectively. The bonds were issued for a twenty-four year period, with final maturity during fiscal year 2031. The bonds will be retired through the Bond Retirement debt service fund.

The serial bonds are subject to optional redemption, by and at the sole option of the School District, either in whole or in part and in integral multiples of \$5,000, on any date on or after December 1, 2017, at a redemption price of 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature on December 1, 2025, in the amount of \$970,000. For fiscal year 2010, \$3,259 was accreted on the capital appreciation bonds for a total bond value of \$13,420 at fiscal year end.

At June 30, 2010, \$9,380,000 of the refunded bonds was still outstanding.

FY 2007 School Improvement Refunding Bonds - On December 18, 2006, the School District issued bonds, in the amount of \$9,060,000, to partially refund bonds previously issued in fiscal year 2003 for the construction of a new high school. The refunding bond issue includes serial and capital appreciation bonds, in the original amount of \$9,000,000 and \$60,000, respectively. The bonds were issued for an eighteen year period, with final maturity during fiscal year 2025. The bonds will be retired through the Bond Retirement debt service fund.

The serial bonds are subject to optional redemption, by and at the sole option of the School District, either in whole or in part and in integral multiples of \$5,000, on any date on or after December 1, 2017, at a redemption price of 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

**VAN WERT CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

13. LONG-TERM OBLIGATIONS (Continued)

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature on December 1, 2016, in the amount of \$945,000. For fiscal year 2010, \$38,488 was accreted on the capital appreciation bonds for a total bond value of \$158,183 at fiscal year end.

At June 30, 2010, \$9,060,000 of the refunded bonds was still outstanding.

FY 2003 School Improvement Bonds - On July 24, 2002, the School District issued bonds, in the amount of \$24,999,960, for the construction of a new high school. The bond issue includes serial, term, and capital appreciation bonds, in the original amount of \$12,315,000, \$11,465,000, and \$1,219,640, respectively. The bonds were issued for a twenty-eight year period, with final maturity in fiscal year 2031. During fiscal year 2007, a portion of the serial bonds, in the amount of \$6,975,000, and a portion of the term bonds, in the amount of \$11,465,000, were refunded. The bonds are being retired through the Bond Retirement debt service fund.

The serial bonds are subject to optional redemption, by and at the sole option of the School District, either in whole or in part and in integral multiples of \$5,000, on any date on or after December 1, 2012, at a redemption price of 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds matured on December 1, 2009, in the amount of \$2,975,000. In fiscal year 2010, the capital appreciation bonds were fully retired.

FY 2006 School Improvement Loan - On June 29, 2006, the School District obtained a loan, in the amount of \$2,000,000, for the acquisition and construction of school facilities. The loan has an interest rate of 5.04 percent. The loan was obtained for a twenty-five year period, with final maturity in fiscal year 2032. The loan is being retired through the Permanent Improvement capital projects fund.

The School District's overall debt margin was (\$4,605,962) with an un-voted debt margin of \$211,826 at June 30, 2010. The School District has been authorized by the Ohio Superintendent of Public Instruction to exceed its overall limitation because it has been designated as a "special needs" school district.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2010, were as follows:

Fiscal Year Ending June 30,	General Obligation Bonds				
	Serial	Term	Capital Appreciation	Interest	Total
2011	\$ 785,000			\$ 912,737	\$ 1,697,737
2012	815,000			882,119	1,697,119
2013	845,000			849,453	1,694,453
2014	880,000			814,378	1,694,378
2015	915,000			776,910	1,691,910
2016-2020	4,070,000	\$ 55,000	\$60,000	4,297,046	8,482,046
2021-2025	5,400,000	690,000		2,355,503	8,445,503
2026-2030	4,600,000	1,835,000	5,000	2,107,506	8,547,506
2031	1,665,000			35,381	1,700,381
Total	\$19,975,000	\$2,580,000	\$65,000	\$13,031,033	\$35,651,033

**VAN WERT CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

13. LONG-TERM OBLIGATIONS (Continued)

<u>Fiscal Year Ending June 30, 2010</u>	<u>School Improvement Loan</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 50,000	\$ 91,980
2012	53,000	89,460
2013	55,000	86,788
2014	58,000	84,016
2015	61,000	81,094
2016-2020	357,000	355,976
2021-2025	461,000	256,082
2026-2030	592,000	127,312
2031	138,000	6,956
Total	<u>\$1,825,000</u>	<u>\$1,179,664</u>

14. SET ASIDE REQUIREMENTS

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future fiscal years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2010, only the unspent portion of certain workers' compensation refunds continues to be set aside.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2010.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Balance June 30, 2009	(\$480,672)		\$52,993
Current Year Set Aside Requirement	328,545	\$328,545	
Qualifying Expenditures	(276,128)	(162,016)	
Current Year Offsets		(166,529)	
Balance Carried Forward to Fiscal Year 2010	<u>(428,255)</u>	<u>0</u>	<u>52,993</u>
Set Aside Designated Balance June 30, 2010	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$52,993</u>

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

15. INTERFUND TRANSFERS

During fiscal year, 2010, other governmental funds made transfers to other governmental funds, in the amount of \$113,804, for classroom facilities maintenance.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)**

16. DONOR RESTRICTED ENDOWMENTS

The School District's private purpose trust funds include donor restricted endowments. Endowments, in the amount of \$14,487, represent the principal portion. The amount of net appreciation in donor restricted investments that is available for expenditures by the School District is \$49,125 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that the interest should be used to provide scholarships each year and to aid needy children.

17. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. 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 educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2010, the School District paid \$34,129 to NOACSC for various services. Financial information can be obtained from Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

B. Vantage Career Center

The Vantage Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio 45891.

18. INSURANCE POOLS

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

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

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

**VAN WERT CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

18. INSURANCE POOLS (Continued)

B. Van Wert Area Schools Insurance Group

The Van Wert Area Schools Insurance Group (VWASIG) is a public entity shared risk pool consisting of five members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Van Wert City School District, 205 West Crawford Street, Van Wert, Ohio 45891.

19. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

20. SUBSEQUENT EVENTS

On February 16, 2011, the School District approved a resolution awarding a contract for a geothermal well field, for the new elementary school and Jefferson Elementary, at a cost of \$743,492.

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VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
(Passed through Ohio Department of Education)						
Child Nutrition Cluster:						
School Breakfast Program		10.553	\$58,444		\$58,444	
National School Lunch Program (Food Distribution)		10.555		\$159,570		\$159,570
National School Lunch Program		10.555	397,408		397,408	
Total Child Nutrition Cluster			<u>455,852</u>	<u>159,570</u>	<u>455,852</u>	<u>159,570</u>
Total U.S. Department of Agriculture			<u>455,852</u>	<u>159,570</u>	<u>455,852</u>	<u>159,570</u>
U.S. DEPARTMENT OF EDUCATION						
(Passed through Ohio Department of Education)						
Title 1 Part A Cluster						
Title I Grants to Local Educational Agencies	2010	84.010	219,821		220,040	
Title I Grants to Local Educational Agencies	2009	84.010	45,741		41,816	
Total Title 1 Grants to Local Education Agencies			<u>265,562</u>		<u>261,856</u>	
ARRA Title I Grants to Local Educational Agencies, Recovery Act		84.389	73,314		73,314	
Total Title I Cluster			<u>338,876</u>		<u>335,170</u>	
Special Education Cluster:						
Special Education Grants to States	2010	84.027	397,524		397,385	
Special Education Grants to States	2009	84.027	50,253		47,911	
Total Special Education Grants to States			<u>447,777</u>		<u>445,296</u>	
ARRA Special Education Grants to States, Recovery Act	2010	84.391	297,399		297,339	
Special Education Preschool Grants	2010	84.173	17,549		17,544	
Special Education Preschool Grants	2009	84.173	2,318		2,322	
Total Special Education Preschool Grants			<u>19,867</u>		<u>19,866</u>	
ARRA Special Education Preschool Grants, Recovery Act	2010	84.392	9,396		9,396	
Total Special Education Cluster			<u>774,439</u>		<u>771,897</u>	
Safe and Drug Free Schools and Communities	2010	84.186	4,168		3,821	
Safe and Drug Free Schools and Communities	2009	84.186			359	
Total Safe and Drug Free Schools and Communities			<u>4,168</u>		<u>4,180</u>	
State Grants for Innovative Programs	2009	84.298			76	
Education Technology State Grants	2010	84.318	507		375	
Education Technology State Grants	2009	84.318	165		1,114	
Total Education Technology State Grants			<u>672</u>		<u>1,489</u>	
Improving Teacher Quality State Grants	2010	84.367	79,427		79,029	
Improving Teacher Quality State Grants	2009	84.367	6,725		12,440	
Total Improving Teacher Quality State Grants			<u>86,152</u>		<u>91,469</u>	
ARRA State Fiscal Stabilization Fund (SFSF) - Education State Grants - Recovery Act	2010	84.394	585,508		568,552	
Total U.S. Department of Education			<u>1,789,815</u>		<u>1,772,833</u>	
Total Federal Assistance			<u>\$2,245,667</u>	<u>\$159,570</u>	<u>\$2,228,685</u>	<u>\$159,570</u>

See accompanying notes to the schedule of federal awards receipts and expenditures.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) summarizes activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DISTRIBUTION PROGRAM / NON CASH ASSISTANCE

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the entitlement value of the commodities received.

NOTE D - TRANSFER OF FUNDS BETWEEN SPECIAL COST CENTERS

During 2010, the following transfers between fund special cost centers were made:

<u>Grant, CFDA #, Fund, and Cost Center</u>	<u>Transfer Out</u>	<u>Transfer In</u>
Title I Grants to Local Educational Agencies #84.010		
572-9109	(\$593)	
572-99010		\$593



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

Van Wert City School District
Van Wert County
205 West Crawford Street
Van Wert, Ohio 45891

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Van Wert City School District, Van Wert County, (the School District) as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 24, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated February 24, 2011.

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

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

Dave Yost
Auditor of State

February 24, 2011



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

Van Wert City School District
Van Wert County
205 West Crawford Street
Van Wert, Ohio 45891

To the Board of Education:

Compliance

We have audited the compliance of Van Wert City School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings and questioned costs identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, Van Wert City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and questioned costs lists this instance as Finding 2010-001.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings and questioned costs as item 2010-001. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated February 24, 2011.

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



Dave Yost
Auditor of State

February 24, 2011

VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	<p>Special Education Cluster Special Education Grants to States – CFDA 84.027 Special Education Preschool Grants – CFDA 84.173 ARRA Special Education Grants to States – Recovery Act – CFDA 84.391 ARRA Special Education Preschool Grants – Recovery Act – CFDA 84.392</p> <p>ARRA State Fiscal Stabilization Fund (SFSF) Education State Grants – Recovery Act – CFDA 84.394</p> <p>Title I Cluster Title I Grants to Local Educational Agencies – CFDA 84.010 ARRA Title I Grants to Local Educational Agencies – Recovery Act – CFDA 84.389</p>
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010
(Continued)**

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Finding Number	2010-001
CFDA Title and Number	Special Education Grants to States – CFDA 84.027 Special Education Preschool Grants – CFDA 84.173 ARRA Special Education Grants to States – Recovery Act – CFDA 84.391
Federal Award Number / Year	2010
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation / Questioned Costs / Significant Deficiency

34 CFR Section 80.23(a) states where a funding period is specified, a recipient may charge to the grant only allowable costs resulting from obligations incurred during the funding period. **34 CFR 76.707** states if the obligation is for (b) personal services by an employee of the State or subgrantee, the obligation is made when the services are performed. The available period for the Special Education Grants to States (CFDA #84.027) and the Special Education Pre-school Grants (CFDA 84.173) is from the substantially approved date of September 2, 2009 through September 30, 2010. The available period for the ARRA Special Education Grants to States (CFDA # 84.391) is from the substantially approved date of September 22, 2009 to September 30, 2011.

The School District charged expenditures incurred prior to September 2, 2009 to the Special Education Grants to States (CFDA #84.027). Wages paid September 3, 2009 and September 17, 2009 included personnel compensation for services performed during the period August 17, 2009 through September 1, 2009. The total wages paid for these days totaled \$15,098 along with related STRS costs of \$2,114, for a total amount of \$17,212.

The School District charged expenditures incurred prior to September 2, 2009 to the Special Education Preschool Grants (CFDA #84.173). Wages paid September 3, 2009 and September 17, 2009 included personnel compensation for services performed during the period August 17, 2009 through September 1, 2009. The total wages paid for these days totaled \$569 along with related STRS costs of \$80, for a total amount of \$649.

The School District charged expenditures incurred prior to September 22, 2009 to the ARRA Special Education Grants to States (CFDA #84.391). Wages paid October 1, 2009 included personnel compensation for services performed during the period September 14, 2009 through September 21, 2009. The total wages paid for these days totaled \$1,806 with related STRS costs of \$252, for a total amount of \$2,058.

FINDING NUMBER 2010-01
(Continued)

Based on the facts documented above, questioned costs in the amount of \$19,919 are being issued.

The failure to charge to the grant only those expenditures that are allowable may result in a loss of federal funding which could impact the overall operations of the School District.

Prior to charging expenditures to a grant, the School District should review the grant agreement and possibly consult with the grantor agency to help assure that only expenditures incurred during the period of availability are charged to the grant. In addition, the School District should implement procedures to provide training and resources to those responsible for assuring compliance with the requirements of federal grants.

OFFICIALS' RESPONSE: On September 30, 2010, the Treasurer of Van Wert City Schools corrected the discrepancy as noted in Finding 2010-001 by debiting the costs identified to the General Fund of the District with a corresponding credit to the applicable Federal Grant Funds.

**VAN WERT CITY SCHOOL DISTRICT
VAN WERT COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2010**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2010-01	On September 30, 2010, the Treasurer of Van Wert City Schools corrected the discrepancy as noted in Finding 2010-001 by debiting the costs identified to the General Fund of the District with a corresponding credit to the applicable Federal Grant Funds.	9-30-10	Michael Ruen



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VAN WERT CITY SCHOOL DISTRICT

VAN WERT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 31, 2011