



Dave Yost • Auditor of State

**WAYNE LOCAL SCHOOL DISTRICT
WARREN COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Wayne Local School District
Warren County
659 Dayton Rd.
Waynesville, Ohio 45068

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 Wayne Local School District, Warren County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the 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 1, 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 Wayne Local School District, Warren County, Ohio, as of June 30, 2011, and the respective changes in cash financial position, thereof and the budgetary comparison for the General fund for the year then ended in conformity with the accounting basis Note 1 describes.

As described in Note 14, during the year ended June 30, 2011 the Wayne Local School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and long-term debt. The federal awards receipts and expenditure schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

February 29, 2012

WAYNE LOCAL SCHOOLS
Management's Discussion and Analysis
For the Year Ended June 30, 2011

As Management of Wayne Local Schools, we offer readers of Wayne Local Schools' financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the district's financial performance as a whole; readers should also review the notes to the financial statement to enhance their understanding of the districts financial results.

The key component of operations is cash. The overall cash position is as follows:

- Net cash assets of governmental activities increased by \$1,217,162. At the close of the 2011 fiscal year, Wayne Local Schools' governmental funds reported a cash fund balance of 4,244,934. Of this amount \$2,020,597 are unassigned funds that are available for spending to support operations at Management's discretion.

Overview of the Financial Statements

The following overview and discussion is intended to serve as an introduction to Wayne Local Schools' Financial Statements. The statements are comprised of three components: 1) Government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements.

Government-wide Financial Statements: These financial statements are designed to provide readers with a broad overview of Wayne Local Schools' finances.

The "*Statement of Net-Assets Cash Basis*" presents information on all of Wayne Local Schools' cash assets presented as net assets. Over time, increases or decreases of net assets may serve as an indicator of whether the financial position of Wayne Local is improving or deteriorating. However it is important to note that the School District's mission is to provide a thorough and efficient educational program and not to generate profits as private sector companies strive to do. To assess the financial well being of the District, one must consider the health of the School District's property tax base, current and any changes to property tax laws in Ohio including those that restrict revenue growth.

The "*Statement of Activities Cash Basis*" present information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported on a cash basis and thus correspond with the addition or liquidation of cash.

The government-wide financial statements can be found starting on page10 of the report.

Fund Financial Statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Wayne Local Schools like other public schools in Ohio, as well as other governmental units, use fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds can be divided into two categories: governmental funds, and fiduciary funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government or district-wide cash basis financial cash statements. The General Fund (major fund) is separate since it is not part of the aggregate.

The District maintains many individual governmental funds. Information is presented in a single aggregated total of the governmental funds with the *Statement of Cash Receipts, Disbursement and Changes in Cash Basis Fund Balances* presentation.

WAYNE LOCAL SCHOOLS
Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2011

The District adopts an annual appropriated budget for its' General fund as well as other governmental funds. A budgetary comparison statement has been prepared for the General fund (the District's only major fund) to demonstrate compliance with this budget.

The cash basis governmental fund financial statement can be found on pages 10- 12 of this report.

Fiduciary Fund. Fiduciary funds are used to account for resources held for the benefit of parties outside of the district. These are primarily Scholarship funds. Fiduciary funds are *not* reflected in the government wide financial statements because the resources of those funds are not available to support the District's programs.

The basic fiduciary fund financial statements can be found on pages 15- 16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 17 to 32 of this report.

Government-Wide Financial Analysis

As noted earlier net assets cash basis serve over time as a useful indicator of a school district's financial position. Wayne Local has chosen to report financials on the *Other Comprehensive Basis of Accounting* in a format similar to that required by Governmental Accounting Statement No. 34. This format requires a comparative analysis of Government-wide data in the Management Discussion and Analysis section.

Wayne Local Schools Net Assets - Cash Basis
GOVERNMENTAL ACTIVITIES

	2011	2010
Cash	\$ 4,244,933	\$ 3,027,771
Total Assets	<u>\$ 4,244,933</u>	<u>\$ 3,027,771</u>
Fund Balances		
Non-Spendable	\$ -	\$ -
Restricted	1,093,880	1,057,734
Committed	871,884	767,930
Assigned	258,572	243,127
Unassigned	2,020,597	958,980
Total Net Assets	<u>\$ 4,244,933</u>	<u>\$ 3,027,771</u>

Financial Analysis of the Government Funds

As noted earlier Wayne Local uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds: The focus of Wayne Local Schools' governmental funds is to provide information on cash basis inflow and outflows and resultant year end balances. Such information is useful in assessing the District's financing requirements. In particular unreserved fund balances may serve as a useful measure of the District's cash basis resources available at the end of the fiscal year and the amount available for expenditures in the ensuing fiscal year.

WAYNE LOCAL SCHOOLS
Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2011

As of the end of the current fiscal year Wayne Local's governmental funds reported a combined ending fund (cash basis) balances of \$4,244,933 an increase of \$1,217,162 in comparison to the previous year. This represents a forty percent increase from the prior year. Of this amount \$2,020,597 constitutes an unassigned fund balance, which is available for spending at the District's discretion for necessary school expenses. The remainder of the fund balance is restricted, committed or assigned to indicate that the amounts are not available for new spending or for spending outside of the inherent guidelines of the fund.

Table 2 shows the highlights of the School District's cash receipts and cash disbursements. These two main components are subtracted to yield the change in net assets. The first presentation is Cash Receipts and the receipts are divided into two major components: Program Cash Receipts and General Cash Receipts. Program Cash Receipts are defined as charges for services and sales, capital and operating grants, and contributions. General Cash Receipts include property taxes, unrestricted grants, such as State foundation support, unrestricted contributions, investment earnings and miscellaneous revenues.

The second presentation of Table 2 is that Cash Disbursements are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

(Table 2)
Change in Net Assets

	Governmental Activities	
	2011	2010
Cash Receipts		
Program Cash Receipts:		
Charges for Services and Sales	\$ 1,322,252	\$ 1,337,501
Operating Grants & Contributions	\$ 1,317,252	\$ 950,788
Total Program Cash Receipts	\$ 2,639,504	\$ 2,288,289
General Cash Receipts		
Property Taxes	\$ 7,429,492	\$ 5,729,333
Grants and Entitlements not Restricted to Specific Programs	\$ 4,963,466	\$ 4,964,491
Investment Earnings	\$ 24,438	\$ 20,473
Miscellaneous	\$ 118,637	\$ 120,511
Total General Cash Receipts	\$ 12,536,033	\$ 10,834,808
Total Cash Receipts	\$ 15,175,537	\$ 13,123,097

WAYNE LOCAL SCHOOLS
Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2011
 (Table 2)
 Change in Net Assets

	Governmental Activities	
	2011	2010
Expenses		
Program Cash Disbursements		
Instruction:		
Regular	\$ 6,375,155	\$ 6,141,020
Special	1,101,433	1,132,118
Vocational	-	19,266
Other	67,646	29,404
Support Services:		
Pupils	910,464	923,953
Instructional Staff	936,059	638,120
Board of Education	50,258	29,275
Administration	895,920	832,261
Fiscal	322,861	316,378
Business		
Business	71,075	93,928
Operation and Maintenance of Plant		
Central	103,040	79,890
Operation of Food Services	329,334	349,516
Extracurricular Activities	576,729	432,309
Food Services		
Other		
Capital Outlay	317,590	863,286
Debt Service:		
Principal	225,000	195,000
Interest and Fiscal Charges	218,755	228,475
Total Cash Disbursements	<u>13,958,375</u>	<u>13,822,914</u>
Transfers/ Refunds	-	-
Change in Net Assets	<u>1,217,162</u>	<u>(699,817)</u>
Net Assets, Beginning of the Year	\$ 3,027,771	\$ 3,727,589
Fund Reclassification	\$ -	\$ -
Net Assets, End of the Year	<u>\$ 4,244,933</u>	<u>\$ 3,027,772</u>

Governmental Activities

Grants and entitlements not restricted to specific programs made up 32.7 percent of cash receipts for governmental activities of the Wayne Local School District for fiscal year 2011. Property tax receipts made up 49.0 percent of the total cash receipts for governmental activities. These two items make up a total of 81.7 percent of all cash receipts in our governmental accounts.

Instruction costs comprise 54.0 percent of governmental program cash disbursements. Support services expenses make up 33.5 percent of governmental cash disbursements.

WAYNE LOCAL SCHOOLS
Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2011

The Statement of Activities shows the cost of program services and the charges for services and sales and grants offsetting those services. In Table 3, the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program cash receipts. Net costs are costs that must be covered by unrestricted State aid (State Foundation) or local taxes. The difference in these two columns would represent charges for services, restricted grants, fees and donations.

(Table 3)
Governmental Activities

	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Instruction	\$ 7,544,234	\$ 5,862,333	\$ 7,321,808	\$ 5,990,237
Support Services	4,679,121	4,679,121	4,361,376	4,361,376
Operation of Non-Instructional Services	396,946	(3,979)	420,660	38,428
Extracurricular Activities	576,729	20,051	432,309	(142,177)
Capital Outlay	317,590	317,590	863,286	863,286
Intergovernmental	-	-	-	-
Principal	225,000	225,000	195,000	195,000
Interest and Fiscal Charges	218,755	218,755	228,475	228,475
Transfers/ other	-	-	-	-
Total Cash Disbursements	\$ 13,958,375	\$ 11,318,871	\$ 13,822,914	\$ 11,534,625

The general fund is defined in accordance with the Governmental Accounting Standards Board Statement No. 54 to include the basic general fund plus the account for severance benefits and the Principal's funds. In addition the statement requires the classification of fund balances into five categories:

1) Non-spendable 2) Restricted 3) Committed 4) Assigned 5) Unassigned. At the end of the current fiscal year the unassigned General Fund balance is \$2,020,597. An unassigned balance represents the fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund. View the ending balance as the residual cash that is unencumbered and free to be used for the future expenditures of the district. The unassigned General Fund balance of the Wayne Local Schools increased \$1,061,617 during the fiscal period ending June 30, 2011. The increase of our year end cash position is largely due to the passage of a tax levy in 2009 with the first full year of collections occurring in FY 2011. The addition of the RME/ Kinder Morgan business property values in our district assisted in increased collections from business taxes. On the flip side we continue to see reduced opportunities for revenues in investment earnings. Fiscal year 2011 continued the pattern of unprecedented low interest rates.

GENERAL FUND YEAR END

CASH BALANCE	2011	2010	INCREASE / (DECREASE)
NON-SPENDABLE	\$ -	\$ -	\$ -
RESTRICTED	\$ -	\$ -	\$ -
COMMITTED	\$ 219,102	\$ 257,008	\$ (37,906)
ASSIGNED	\$ 258,572	\$ 243,127	\$ 15,445
UNASSIGNED	\$ 2,020,597	\$ 958,980	\$ 1,061,617
TOTAL FUND BALANCES	\$ 2,498,271	\$ 1,459,115	\$ 1,039,156

On the cost side we benefitted from the Educational Jobs Bill (\$230,614) and did mitigate energy cost increases by implementing cost saving initiatives.

WAYNE LOCAL SCHOOLS
Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2011

General Fund Budgetary Highlights (Excludes Severance and Principal's Fund Accounts)

The district's budget is prepared according to Ohio Law and is based on accounting for transactions on a cash basis of receipts and disbursements, while allowing for the accounting of outstanding encumbrances to be paid. The most significant and highest dollar volume budgeted fund is the General Fund. During the course of the year, as allowed by law the District can revise the General Fund budget at various times. The final adjusted budget as with past year's budgets, attempts to include all cost savings initiatives and projected economic factors in the original budget. For the year ended June 30, 2011, General Fund disbursements were \$18,159 less than the final budget appropriations. Under state law a state district cannot allow expenditures to exceed budgeted amounts. As such the typical treasurer should budget with fiscal constraints in mind, yet allow for contingencies to ensure meeting statutory requirements. As such districts must have actual expenditures that are lower than budgeted or appropriated amounts.

On the revenue side, actual revenues for the general fund were \$598,496 above the final revenue budgeted amount. This increase was due to RME taxes received. Under state law, a district cannot budget total resources to exceed actual amounts. As such treasurers must be very cautious in budgeting revenues. Districts should have actual revenues exceed budgeted amounts. Please note in addition to the budget, the treasurer prepares a monthly forecast and five year plan that is used as the planning tools of the district. These tools allow for a more precise outlook of the financial picture of the district.

Economic Factors and Next Year's Budgets

In preparation of the fiscal year 2012 budget various factors were considered. On the revenue side we forecast a continued reduction in state support and the elimination of all ARRA funding. Our typical federal grant receipts will be down \$124,899. This will directly adversely impact the general fund. We cannot cut services to special education and we will have to use general fund dollars to make up the loss. One of the major cost drivers is MEDICAL INSURANCE. We can report that the 2011-12 increase will be 10.9%. This increase will add over \$100,000 in our expenses.

We also will lose the benefit of the Education Jobs Bill that we received in 2011. This is a reduction in support of \$240,614. We were able to fund the equivalent of 4 teachers in 2011 with this grant. Please note we did not hire any teachers with the grant money. We used the Ed. Jobs funds to help us fund 4 existing positions. We are eliminating one position in 2012 by not backfilling a current retirement. We are exploring various options to be financially healthy.

We do not have a renewal of a levy until calendar year 2014. We are working with all of our stakeholders to control costs. It is imperative that we work together in the school and in the community to be efficient, prudent and effective in our operations.

WAYNE LOCAL SCHOOLS
Management's Discussion and Analysis (continued)
For the Year Ended June 30, 2011

Outstanding Debt

The district completed an advance refinancing of select bonds in June of 2003 that were previously issued in 1995 for the construction of a new high school. This was an extremely positive move to save our taxpayers interest costs. The total outstanding debt as of June 30, 2011 is \$5,705,639. As a result of the combination of various factors including the June 2003, bond refinancing allowed for a property tax millage reduction to the local taxpayers. Note 11 of the financial statements illustrate the changes in the district's long-term obligations.

(Table 4)
 Outstanding Debt, at Year End
 Governmental Activities

	2010	2011
Construction Bonds	\$ 5,930,639	\$ 5,705,639
Capital Lease	-	-
Totals	\$ 5,930,639	\$ 5,705,639

Request for information

The financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Ron James CPA, CFP CERTIFICANT, Treasurer, at Wayne Local Schools, 659 Dayton Road, Waynesville, Ohio 45068

WAYNE LOCAL SCHOOL DISTRICT
WARREN COUNTY
Governmental Activities
STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30,2011

	<u>Governmental Activities</u>
Assets	
Cash & Cash Equivalents	<u>\$4,244,933</u>
Total Assets	<u><u>\$4,244,933</u></u>
Net Assets	
Restricted For:	
Debt Service	\$ 624,586
Capital Outlay	\$ 844,964
Severance Payments	\$ 200,942
Encumbrances	\$ 29,756
Total Restricted	<u><u>\$ 1,700,248</u></u>
Unrestricted:	<u>\$2,544,685</u>
Total Net Assets	<u><u>\$4,244,933</u></u>

Governmental Activities exclude agency and trust funds

The notes to the basic financial statement are an integral part of this statement

**WAYNE LOCAL SCHOOL DISTRICT
WARREN COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS GOVERNMENTAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Cash</u> <u>Disbursements</u>	<u>Charges for</u> <u>Services and</u> <u>Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Disbursements)</u> <u>Receipts and</u> <u>Changes in</u> <u>Net Assets</u>
Governmental Activities				
Instruction:				
Regular and Special	7,476,588	496,559	1,185,342	(5,794,687)
Vocational	0	0	0	0
Adult/Continuing	3,000	0	0	(3,000)
Other Instruction	64,646	0	0	(64,646)
Support Services:				
Pupil	910,464	0	0	(910,464)
Instructional Staff	936,059	0	0	(936,059)
Board of Education	50,258	0	0	(50,258)
Administration	895,920	0	0	(895,920)
Fiscal	322,861	0	0	(322,861)
Business	71,075	0	0	(71,075)
Operation and Maintenance of Plant	745,740	0	0	(745,740)
Pupil Transportation	643,704	0	0	(643,704)
Central	103,040	0	0	(103,040)
Operation of Non-Instructional Services	67,612	0	0	(67,612)
Operation of Food Services	329,334	251,794	131,910	54,370
Extracurricular Activities	576,729	573,899	0	(2,830)
Capital Outlay/Site Improvement	317,590	0	0	(317,590)
Money Spent on behalf of other Government	0	0	0	0
Transfers	0			0
Sale of Assets	0			
Refund of prior year expenditures	0			0
Debt Service:				
Principal and Interest Charges	443,755	0	0	(443,755)
Total Governmental Activities	<u>\$13,958,375</u>	<u>\$1,322,252</u>	<u>\$1,317,252</u>	<u>(11,318,871)</u>

General Receipts:

Property Taxes Levies for:	
General Purposes	\$6,594,400
Debt Service	390,230
Capital Outlay	444,862
Grants and Entitlements	
Not Restricted to Specific Programs	4,963,466
Investment Earnings	24,438
Miscellaneous	118,637
Total General Receipts	<u>12,536,033</u>
 Change in Net Assets	 1,217,162
 Net Assets Beginning of Year	 <u>3,027,771</u>
Net Assets End of Year	<u>\$4,244,933</u>

The notes to the basic financial statement are an integral part of this statement

**WAYNE LOCAL SCHOOL DISTRICT
WARREN COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$2,498,271	\$1,746,662	\$4,244,933
<i>Total Assets</i>	<u>\$2,498,271</u>	<u>\$1,746,662</u>	<u>\$4,244,933</u>
Fund Balances			
NON-SPENDABLE	\$ -	\$ -	\$ -
RESTRICTED	\$ -	\$ 1,093,880	\$ 1,093,880
COMMITTED	\$ 219,102	\$ 652,782	\$ 871,884
ASSIGNED	\$ 258,572	\$ -	\$ 258,572
UNASSIGNED	\$ 2,020,597	\$ -	\$ 2,020,597
<i>Total Assets</i>	<u>\$ 2,498,271</u>	<u>\$ 1,746,662</u>	<u>\$ 4,244,933</u>

The notes to the basic financial statement are an integral part of this statement

**WAYNE LOCAL SCHOOL DISTRICT
WARREN COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	General	Other Governmental Funds	Totals Governmental Funds
CASH RECEIPTS			
Property Taxes	\$6,594,400	\$835,092	\$7,429,492
Intergovernmental	4,829,330	1,451,463	6,280,793
Interest	23,740	698	24,438
Tuition and Fees	496,559	-	496,559
Food Service	0	251,794	251,794
Extracurricular Activities	124,029	371,511	495,540
Premium and Accrued Int on Bonds	0	-	0
Miscellaneous	163,570	33,351	196,921
<i>Total Receipts</i>	<u>12,231,628</u>	<u>2,943,909</u>	<u>15,175,537</u>
CASH DISBURSEMENTS			
Current:			
Instruction:			
Regular	6,019,879	355,276	6,375,155
Special	889,364	212,069	1,101,433
Vocational	0	-	0
Adult/Continuing	0	3,000	3,000
Other Instructional	28,388	36,258	64,646
Support Services:			
Pupil	524,887	385,577	910,464
Instructional Staff	883,118	52,941	936,059
Board of Education	49,258	1,000	50,258
Administration	885,514	10,406	895,920
Fiscal	313,111	9,750	322,861
Business	71,075	-	71,075
Operation and Maintenance of Plant	573,272	172,468	745,740
Pupil Transportation	616,874	26,830	643,704
Central	91,215	11,825	103,040
Operation of Non-Instructional Services	67,612	-	67,612
Operation of Food Services	0	329,334	329,334
Extracurricular Activities	178,905	397,824	576,729
Capital Outlay/ Site Improvement	0	317,590	317,590
Money Spent on behalf of other Governments	0	-	0
Intergovernmental	0	-	0
Debt service:			
Principal	0	225,000	225,000
Interest	0	218,755	218,755
<i>Total Disbursements</i>	<u>11,192,472</u>	<u>2,765,903</u>	<u>13,958,375</u>
<i>Excess of Receipts Over Disbursements</i>	<u>1,039,156</u>	<u>178,006</u>	<u>1,217,162</u>
<i>Net Change in Fund Balances</i>	<u>1,039,156</u>	<u>178,006</u>	<u>1,217,162</u>
Fund Balances Beginning of Year	987,141	2,040,630	3,027,771
Fund Reclassification (see footnote #14)	\$ 471,973	\$ (471,973)	\$ -
Fund Balances End of Year:			
Fund Balances End of Year	<u>\$2,498,270</u>	<u>\$1,746,663</u>	<u>\$4,244,933</u>

The notes to the basic financial statement are an integral part of this statement

**WAYNE LOCAL SCHOOL DISTRICT
WARREN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE-BUDGET (BUDGETARY BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	BUDGETED AMOUNTS			Variance with Final Budget Positive (Negative)
	SEPTEMBER			
	Original	Final Budget	Actual	
CASH RECEIPTS				
Property Taxes	\$5,956,696	\$ 5,956,696	\$ 6,594,400	\$637,704
Intergovernmental	5,049,998	5,049,998	4,829,255	(\$220,743)
Interest	3,105	3,105	4,062	\$957
Tuition and Fees	224,022	223,150	413,024	\$189,874
Classroom Materials and Fees	90,706	90,706	83,535	(\$7,171)
Revenue in Lieu of Taxes	0	-	75	75
Miscellaneous	115,586	115,587	113,387	(2,200)
TOTAL CASH RECEIPTS:	11,440,113	11,439,242	\$ 12,037,738	598,496
CASH DISBURSEMENTS				
Instruction:				
Regular	6,215,767	5,876,094	5,871,320	4,774
Special	845,398	889,364	889,364	0
Vocational	16,103	0	0	0
Other Instruction	30,956	28,388	28,388	0
Support Services:				0
Pupil	525,420	524,931	524,887	44
Instructional Staff	666,619	883,118	883,118	0
Board of Education	28,126	49,312	49,258	54
Administration	861,683	886,369	885,514	855
Fiscal	330,504	313,111	313,111	0
Business	92,557	71,179	71,075	104
Operation and Maintenance of Plant	702,231	584,545	573,272	11,273
Pupil Transportation	594,531	617,874	616,874	1,000
Central	78,818	101,092	101,037	55
Academic and Subject Oriented Activities	11,635			0
Extra Curricular Activities	100,733	178,905	178,905	0
Capital Outlay/site improvement	0		0	0
Money spent of behalf of other govt.	0		0	0
TOTAL CASH DISBURSEMENTS	11,101,081	11,004,282	10,986,123	18,159
Other Financing Sources (Uses)				
Sale of Fixed Assets			0	0
Transfers In			0	0
Transfers Out	0	0	0	0
Refund of prior year's Expenditures	0		0	0
Proceeds from Sale of Land	0	0	0	0
Total other financing sources/ (uses)	0	0	0	0
Excess of Cash Receipts over/(under) Disbursements	339,032	434,960	1,051,615	616,655
Fund Balance Beginning of Year	987,142	987,142	987,142	0
FUND BALANCE END OF YEAR	\$1,326,174	\$1,422,102	\$2,038,757	\$616,655

The notes to the basic financial statement are an integral part of this statement

WAYNE LOCAL SCHOOL DISTRICT
WARREN COUNTY
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Private Purpose Trust	Agency Fund
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	\$ 53,934	\$ 25,806
 NET ASSETS:		
Restricted for Scholarships	53,934	0
Unrestricted	0	25,806
 <i>Total Net Assets</i>	 \$ 53,934	 \$ 25,806

The notes to the basic financial statement are an integral part of this statement

**WAYNE LOCAL SCHOOL DISTRICT
WARREN COUNTY
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Private Purpose Trust</u>	<u>Agency</u>
<i>Equity in Pooled cash and Cash Equivalents (Beginning of Year)</i>	\$ 58,220	\$ 26,731
Additions		
Earnings on Investments/ Interest Income	\$0	\$0
Extracurricular Activities	-	51,514
Miscellaneous	4,093	6,202
Total Additions	<u>4,093</u>	<u>57,716</u>
Deductions		
Regular	0	0
Extracurricular	0	0
Operation of Non-Instructional Services	8,430	58,641
Total Deductions	<u>8,430</u>	<u>58,641</u>
Change in Net Assets	(4,337)	(925)
<i>Equity in Pooled cash and Cash Equivalents (End of Year)</i>	<u>\$53,883</u>	<u>\$25,806</u>
NET ASSETS:		
Restricted for Scholarships	\$ 53,883	\$ -
Unrestricted	\$ -	\$ 25,806
<i>Total Net Assets- End of Year</i>	<u>\$ 53,883</u>	<u>\$ 25,806</u>

The notes to the basic financial statement are an integral part of this statement

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 1 - Description of the School District and Reporting Entity

The Wayne Local School District (the District) is a body politic and corporate established to exercise the rights and privileges the constitution and laws of the State of Ohio convey to it. The District covers land located in Warren County and a portion of Greene County. The buildings and administration are located in the village of Waynesville. The District serves an area of approximately 50 square miles. The District has a history of strong academic, arts and athletic success. The recent Ohio report card as published by the Ohio Department of Education has Waynesville at the "EXCELLENT" rating with 26 out of 26 indicators met. In addition you will find based on ODE reports Wayne Local Schools has one of the lowest per pupil spending amounts in the State. The link to the ODE web site is: <http://www.ode.state.oh.us/>

A locally-elected 5-member Board governs the District, which provides educational services mandated by the State and federal agencies. This Board of Education controls the School District's instructional/support facilities staffed by 61 classified employees, 90 certificated full-time personnel, and 4 administrators who provide services to 1,497 students. The district also serves additional pre-school students that are not included in the total shown. The district is the home of numerous community groups' activities. The School District currently operates three buildings situated on one site location.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic 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 Wayne Local School District, this includes general operations, food service, trust, community services, and student related activities of the School District. The District has no component units.

Jointly Governed Organizations

The School District participates in five jointly governed and one related organization. These organizations are:

Dayton Area Superintendent's Association:

The Dayton Area Superintendent's Association (DASA) is an organization formed by area school Superintendents. The purpose of the organization is to serve as a forum for practicing Superintendents to present problems, seek solutions, reach consensus and take appropriate action to resolve issues. The organization also shares information among its members and provides, on a contractual basis, in-service education for the school management team. Membership in the organization is open to the Greater Dayton area school system Superintendents, directors, and professional staff members of institutions of higher education, and/or Region IX of the Buckeye Association of School Administrators. Region IX presently includes Champaign, Clark, Darke, Greene, Montgomery, Preble, Shelby, and Warren Counties. The Executive committee is comprised of eight representatives of the DASA member schools or institutions. The members of the Executive Committees are selected annually in each county. The County Superintendent of each county is responsible for the nomination and election of their representative. All member schools are obligated to pay all dues and fines as established by the Executive Committee. To obtain financial information, write to DASA Executive Secretary, 451 West Third Street, Dayton, Ohio 45422-1040.

Warren County Career Center

The Warren County Career Center (the "Career Center") is a distinct political subdivision of the State of Ohio operated under the direction of a Board, which consists of one representative from each of the participating school Districts' elected board. The Career Center possesses its own budgeting and taxing authority. To obtain financial information, write to The Warren County Career Center, Ms. Karen Royer, Treasurer, at 3525 State Route 48, Lebanon, Ohio 45036.

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 1 - Description of the School District and Reporting Entity (continued)

Southwestern Ohio Educational Purchasing Council

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 126 school Districts in 18 counties. The SOEPC acts as its own fiscal agent and is a Regional Council of Governments. The purpose of the Council is to obtain prices for quality merchandise and services commonly used by schools. All member Districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member District has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member Districts by the Fiscal Agent. Any District withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. To obtain information, write to the SOEPC, Ken Swink, who serves as the director, at 303 Corporate Center Drive, Suite 208, Vandalia Ohio, 45377.

Southwestern Ohio Instructional Technology Association

The Southwestern Ohio Instructional Technology Association (SOITA) is a not for profit corporation formed under the Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-three representatives from the SOITA member schools or institutions. Nineteen representatives are elected by the qualified members from within the participating counties; i.e., Auglaize, Brown, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene, and Butler counties elect two representatives per area and one board member comes from Non-Public entities and one from Higher education (Miami University).

All superintendents, except those from educational service centers, vote on the election of nominated representatives. One at-large representative is elected by the non-public school SOITA members from within the state assigned SOITA service area, and one at-large representative is elected by higher education SOITA members from within the state assigned SOITA service area.

All member Districts are obligated to pay all fees, charges, or other assessments as established by SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to the state or local government, for a public purpose. To obtain information, write to the Southwestern Ohio Instructional Technology Association, Director, 150 East Sixth Street, Franklin, Ohio 45005.

Southwestern Ohio Computer Association (SWOCA)

SWOCA is a jointly governed organization between three-county consortiums of school Districts. The jointly governed organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member Districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. The Governing Board of SWOCA consists of six members elected by majority vote of all charter member schools plus one representative from the fiscal agent. The District has an equity interest that is explicit and measurable in that the jointly governed Agreement stipulates that the participants have a future claim to the net resources of SWOCA upon dissolution. The agreement sets forth the method to determine each member's proportionate share.

RELATED ORGANIZATION

The Mary L. Cook Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. A Board of Trustees appointed by the Wayne Local School District Board of Education governs the Library. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and has issued tax-related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax (as well as its rate and purpose) and discretionary decisions are made solely by the Board of Trustees of the Library. Financial information can be obtained from the Mary L. Cook Public Library, 381 Old Stage Road, Waynesville, Ohio 45068.

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 1 - Description of the School District and Reporting Entity (continued)

PUBLIC ENTITY RISK POOL

For the fiscal year the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan. The GRP is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The school districts apply for participation each year. The firms of Corvell Inc. and Hunter Consulting provide administrative, cost controls, and actuarial services to the GRP.

MEDICAL AND DENTAL BENEFITS

For the fiscal year, the School District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), and insurance purchasing pool. The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the School District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school district is calculated and a premium rate is applied to the applicable school district in the MBP. Each participant pays its medical and dental insurance premiums to the Southwestern Ohio Educational Purchasing Council (SOEPC). Participation is limited to school districts that can meet the MBP's selection criteria.

Note 2 – Summary of Significant Accounting Policies

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles (GAAP), the District chooses to prepare its financial statements and notes in accordance with the cash-basis of accounting. The cash basis method is consistent with record keeping and current state software systems. The District has applied the use of "Other Comprehensive Basis of Accounting" (OCBOA) financial reporting and has used the American Institute of Certified Public Accountants (AICPA) practice aid series, "Applying OCBOA in State and Local Governmental Financial Statements" to assist in the format and content of the District's presentation. As noted while OCBOA does not represent GAAP it could currently be considered as generally applied principles for many small state and local governmental entities. This basis of accounting is similar to the cash receipts and disbursements basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. But please note, we do account for and report obligations for encumbrances. An encumbrance is an approved purchase order for a service or product and represents an accrued liability. In addition we set aside cash for the calculated obligation of severance payments.

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 – Summary of Significant Accounting Policies (continued)

A. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District classifies each fund as either Governmental, or Fiduciary. The Board approves all budgets and appropriations at the Fund level.

Governmental: The 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 governmental fund is the General Fund. The general fund accounts for all financial resources except for restricted resources requiring a separate accounting. The general fund balance is available for any purpose provided it is expended or transferred according to Ohio law.

Fiduciary: Fiduciary funds account for cash and investments where the District is acting as trustee or fiscal agent for other entities or individuals. Fiduciary funds include private-purpose trust funds and Agency Funds. Trust funds account for assets held by the District under an agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's primary fiduciary fund is a private purpose trust which accounts for scholarship money or recognition award funds as provided by various donors. The District's Agency funds are custodial in nature, where the District deposits and pays cash as directed by School District advisors that assist in student activities.

Fund Balance

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

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

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

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

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

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

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

Fund Balance Assets

The District's total Governmental fund balance at the end of the 2011 fiscal year was \$4,244,933 with an unassigned balance of \$2,020,597. The classifications are detailed on page 10 of the statement of net assets cash basis.

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

B. Basis of Presentation

The School District's basic financial statements consist of a government-wide statement of activities, and fund financial statements providing more detailed financial information.

Government-wide Financial Statement of Activities: This statement displays information about the School District as a whole, except for the aforementioned fiduciary funds. The statement reports governmental activities and business-type activities. These disbursements are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the School District's general receipts.

Fund Financial Statements: Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds. Wayne Local has two major governmental funds, one being the "General Fund" and one being "other" governmental. Each major fund is presented in a separate column. (See page 13 of the financial statements) Fiduciary funds are reported by type either private purpose which are typically scholarship funds or agency student activity funds. (See page 16 of the financial statements)

C. Cash and Cash Equivalents

The School District pools cash from all funds for investment purposes. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. The District values cash equivalents at cost. Following Ohio statutes, the Board of Education specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 was \$4,062 with a total of \$24,438 for all funds. For presentation on the financial statements, investments with an original maturity of three months or less when purchased are deemed cash equivalents.

E. Inventory and Prepaid Item

On the modified cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

F. Capital Assets

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

G. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused sick leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting. However please note we have gone one step further than a mere accrual of the liability, we have 100% funded the required amounts, this ensures we can meet such obligations as they occur. We have funded the accrual the amount is included in fund code 035 and is included in the committed fund balance of the extended General Fund. The term "extended General fund" is the combination of the base general fund and the severance fund and the Principal's funds.

H. Long-term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash-basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments. See note 11 for debt obligation data. Please note that all required annual debt obligations for the year were met in a timely fashion.

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 2 – Summary of Significant Accounting Policies (continued)

J. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general receipts. Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Non-exchange flows of cash from one fund to another are reported as Interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Interfund transfers occurred within the accounting of the total governmental fund totals. The district did not have any such transfers in fiscal year 2011.

K. Budgetary Data

Ohio law requires all funds, other than agency funds, to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The Board of Education uses the fund level as its legal level of control.

The certificate of estimated resources may be amended during the year if the School District Treasurer projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for that fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

Note 3 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the school District fiscal year runs from July through June. First half tax collections are received by the school District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after January 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at thirty five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Public utility real property taxes received in calendar year 2011 became a lien December 31, 2010, was levied after April 1, 2010 and is collected in 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value. House Bill 66 passed in 2005 phases out the tax on tangible personal property of all general business and railroad property by 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. Their assessed rate is 15% of true value in 2008, and 10% in 2009 and 5% in 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. The District receives property taxes from Warren and Greene County. The Warren 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, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent. No advances were received by the District for the second half collections prior to June 30, 2011.

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 3 - Property Taxes (continued)

PROPERTY VALUATION DATA:

	FIRST HALF			SECOND HALF	
	AMOUNT	% TOTAL		AMOUNT	% TOTAL
AG/RES/COMMERCIAL	\$ 201,502,370	96.2%	AG/RES/COMMERCIAL	\$ 201,919,110	85.6%
PUBLIC UTILITY	\$ 7,549,870	3.6%	PUBLIC UTILITY	\$ 34,034,697	14.4%
TANGIBLE	\$ 494,750	0.2%	TANGIBLE	\$ -	0.0%
TOTAL	\$ 209,546,990	100.0%	TOTAL	\$ 235,953,807	100.0%
TAX RATE PER \$1,000 for AG/RES	\$ 35.88			\$ 37.31	

Note 4 - Deposits and Investments

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

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

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

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

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

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

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Interim deposits are deposits of interim monies (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer’s investment pool (STAR Ohio).
(Authorized investments may include investments in commercial paper and bankers acceptances with appropriate limitations if ORC 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. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the School District had no undeposited cash on hand.

Custodial Risk

Protection of the School District’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), or by a Collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. Custodial risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or 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 one hundred five percent of the deposits being secured. Thus for reporting purposes we provide this disclosure of exposure to custodial risk in its’ entirety. At year-end, the carrying amount of the School District’s bank balances was \$4,569,927. Note that “carrying amount” is the bank balance without adjusting for outstanding checks or un-cleared checks. These funds were fully invested in a money market mutual fund type account. The amount of the bank balances covered by federal deposit insurance was \$267,699 with the remainder of 4,302,228 collateralized in the manner described above.

Investments

Investments are reported at cost, As of June 30, 2011 the School District had the following investments

Investment Classification	Cost as of 6/30/2011	% of Total Investment	Maturities ¹	
			5 Years	> 5 Years
Federal National Mortgage Association Notes	\$0	0.00%	\$0	\$0
Federal Home Loan Bank Notes	\$0	0.00%	\$0	\$0
Star Ohio	\$13,605	100.00%	\$13,605	\$0

Interest Rate Risk

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District’s investment policy addresses interest rate risk by requiring that the School District’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations.

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its' obligation. The School District's Policy allows the Treasurer to invest in those investments authorized by the Ohio Revised Code, and places additional with amounts authorized for investment in certain types. The School District has limited its' investment to U.S. Government agency securities. The School District's investment includes Star Ohio.

Concentration Risk

The School District places no limit the district may invest in any one issuer, however State statute limits investments in commercial paper and banker's acceptances to 25% of the interim monies available for investment at any one time.

Note 5 - Interfund Balances

No interfund balances exist as of 6/30/2011.

Note 6- Interfund Transfers

No Interfund cash transfers were completed for the year ended June 30, 2011.

Note 7 - Risk Management

A. Commercial Insurance

The District has obtained commercial insurance for the following risks:

- General liability; Property, Auto Liability
- Boiler and Machinery
- Educators Liability Errors and omissions.

Risk Pool Membership

The District is a member of the Southwestern Ohio Educational Purchasing Council (EPC) group Insurance purchasing program. The Program currently includes 33 Ohio Public School Districts in Southwestern Ohio. The secured self-insurance under Gallagher Risk Management Services allows the EPC council to retain a portion of predictable losses, transfer a portion of catastrophic risk, and broaden our insurance program coverages. The Pool assumes the risk of loss up to the limits of the carrier. The loss fund represents the residual cash after considering outstanding reserves. With this program there is an aggregate (Stop Loss) Insurance policy. Should the loss fund be exhausted by the EPC council, the aggregate excess coverage applies to the fund the retention on behalf of the EPC council. No supplemental assessments can occur under this program. In turn the District has no claim to any loss fund or other program assets. The Pool covers the following risks:

- General liability; Property, Auto Liability
- Boiler and Machinery
- Educators Liability Errors and omissions

B. Workers' Compensation

For fiscal year 2011 the School District participated in the Southwestern Ohio Educational Purchasing Council (EPC) Association Workers' Compensation Group Rating Program (GRP), in conjunction with the services of Hunter Consulting. 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 participating school Districts is calculated as one experience and a common premium rate is applied to the pool that your district is eligible for of the school Districts in the GRP. Each participant pays its' workers' compensation premium to the State based on the rate for the assigned GRP rather than its individual rate. The 2011 Estimated savings to the District was \$19,906... This "equity pooling" arrangement insures that each participant shares in the overall performance of the GRP. Participation in the GRP is limited to school Districts that can meet the GRP's selection criteria. The firms of Hunter Consulting Company and Corvell Inc. provide administrative, cost control and actuarial services to the GRP.

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 7 - Risk Management (continued)

C. Employee Medical Benefits

The School District obtains employee medical (Anthem), dental and life insurance benefits through the assistance of the Southwestern Ohio Educational Purchasing Council (EPC). The District pays a monthly premium for coverage. The EPC works with Anthem to establish rates and payment to providers. Future premium rates are impacted by both the coverage of the given insurance, employee utilization and the actual cost and inflation of services and pharmaceuticals.

Note 8 - Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614)222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is 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. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The district's portion of the SERS payments for 2011 were \$304,450

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio web site at www.strsoh.org.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole in part, by the state or any political subdivision thereof. New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 20, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code. A "DB" or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 8 - Benefit Pension Plans (Continued)

For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to the STRS plans for the fiscal years ended June 30, 2011 was \$796,301. This amount is withheld directly from our foundation allocation. Unlike the SERS deduction the STRS payments are current. Payments are withheld based on estimates and Wayne Local Schools is completely paid up as of 6/30/2011.

Note 9- Post-employment Benefits

The employees of the District that retire under the STRS/SERS defined benefit plans could be eligible for retirement benefits. A portion of the district's required STRS/SERS payments can be used by the given board for health care benefits to eligible retirees. Currently such health benefits are provided by the State programs, but they are not guaranteed in the future. Any concerns or questions concerning such benefit plans should be addressed to the plan administrators of the respective retirement boards.

Note 10- Contingencies

A. Grants

The School District receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

B. Litigation

The Wayne Local School District is not a party to any legal proceedings.

Note 11 – Long – Term Obligations

The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

Governmental Activities

Description	Amount Outstanding at 6/30/2010	Additions	Deductions	Amount Outstanding at 6/30/2011	Due In One Year
1996 Bonds	\$ 1,475,000	\$ -	\$ (125,000)	\$ 1,350,000	\$ 150,000
2003 Bonds	\$ 3,600,000	\$ -	\$ (100,000)	\$ 3,500,000	\$ 100,000
Sub-total	\$ 5,075,000	\$ -	\$ (225,000)	\$ 4,850,000	\$ 250,000
Capital Appreciation					
Bonds -2003					
Issuance Value	\$ 24,983	\$ -	\$ -	\$ 24,983	
Premium	\$ 830,656	\$ -	\$ -	\$ 830,656	
Sub-total Cap Bonds	\$ 855,639	\$ -	\$ -	\$ 855,639	
Grand Total	\$ 5,930,639	\$ -	\$ (225,000)	\$ 5,705,639	\$ 250,000

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 11 – Long – Term Obligations (Continued)

All current obligation bonds outstanding were issued to provide funds for the acquisition and construction of equipment and facilities are general obligations of the District for which the full faith and credit of the district is pledged for repayment. Accordingly, payments of principal and interest relating to the liabilities are recorded as expenditures in the debt service fund. The source of payment is derived from the current bonded debt tax levy. The original millage passed for collection was 5.95 mills. However due to property growth and the refinancing of select bonds the current effective tax millage is 2.0mills. On June 24, 2003, the District issued general obligation bonds to provide funds for an advance refunding of a portion of the original issue 1996 general obligation bonds. The proceeds were used to advance refund 4,255,000 of the 1996 general obligation bonds. The securities and proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The total amount of such future debt services were completely paid as of June 30, 2007. The refunded bonds are not included in the District's outstanding debt since the district has satisfied its' obligations through the advance refunding.

The 2003 bond issue is comprised of both general obligation current interest bonds with an outstanding face value of \$3,900,000, and capital appreciation bonds with a face value of \$24,983 with a premium of \$830,656. These CAP bonds will accrete to a value of \$2,190,000 at the time of repayment over the fiscal years of 2022-2024. The total payment of \$2,190,000 will be \$710,000 in 2022; \$730,000 in 2034; and \$750,000 in 2024. These amounts are illustrated in the payment schedule below as a total of \$2,190,000 under the Capital Appreciation Bonds section. The interest rates on the 2003 refinanced current interest bonds range from 1.500% to 3.850%. All bonds will be retired by December 2024. The capital appreciation bonds (CAB) were issued as part of an advance refunding, and the CAB'S were issued at a deep discount. The effective accretion rate including the effect of the amortization of the premium is 16.12%.

Interest payments on the bonds are due on June 1 and December 1, of each year. Principal payments are due on December 1, of each year. As noted above the final maturity is December 1, 2024.

The following is a summary of future annual requirements to maturity for General Obligation bonds:

Fiscal Year Ending	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Accretion	Total
2012-2015	1,195,000	738,202	1,933,202	-	-	-
2016-2020	2,400,000	485,819	2,885,819	-	-	-
2021-2024	<u>1,255,000</u>	<u>48,881</u>	<u>1,303,881</u>	<u>24,983</u>	<u>2,165,017</u>	<u>2,190,000</u>
TOTAL:	\$4,850,000	\$1,272,902	\$6,122,902	24,983	2,165,017	2,190,000

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligations of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effect of these debt limitations at June 30, 2011 is a total a debt margin of \$16,154,791 including available funds of \$624,587 the current balance of the bond retirement account.

Note 12 - Set-Aside Calculations

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

Senate bill 5 removed this requirement but we felt it best to present FY 2011's data.

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 12 - Set-Aside Calculations (continued)

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

note: A negative balance means we have exceeded the requirements and that the district DOES NOT have to set aside funds	Textbooks	Capital Acquisition
	Textbooks	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2011	\$0	\$0
Carry over Credit	(\$841,176)	\$0
Current Year Set-aside Requirement	225,374	225,374
Current Year Offsets/ Disbursements	(193,123)	(446,737)
Totals (Negatives indicate we meet or exceed requirements)	(808,925)	(221,363)
Amount reserved JUNE 30, 2011:	\$ -	\$ -

As shown in the previous chart the District had offsets and qualifying disbursements during the year that reduced the textbooks/instructional materials set-aside amount, any extra amounts plus the previous year's offset by law is being carried forward to reduce the set-aside requirements of future years.

The School District had offsets for capital acquisition during the year that reduced the set-aside amount below zero. This extra amount by law may not be used to reduce the set-aside requirement of future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

Note 13 – Compliance and Accountability

Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (B) require School Districts to prepare its' financial statements in accordance with GAAP. However Wayne Local Schools prepares our cash based statements under the AICPA's guidelines for presentation. According to The State Auditor's Bulletin 2005-002 that if a GAAP mandated entity follows the AICPA interpretation by preparing statements that substantially conform with the display and disclosure requirements of GASB, then the district would not receive and adverse opinion concerning our statements and disclosure. We feel we substantially conform to the rules.

As such the Wayne Local School follows the AICPA practices aid series in applying a standard of "Other Comprehensive Basis of Accounting" commonly known as "OCBOA" in our financial statement presentation. The AICPA series clearly indicates that nationally, as many as 75% state and local governmental entities use a basis of accounting other than GAAP. In Ohio, many entities as pointed out in State Auditor's Bulletin 2005-002 prepare their financial statements on a cash basis.

GAAP does not ensure integrity nor does GAAP application make accounting "better" to the user. In fact the school district's legal appropriations and cash rules require us to present our results on a cash basis not on any GAAP basis accruals or deferral method. The Wayne Local Schools Board of Education has determined that OCBOA is cost effective and provides users a clear picture of the district's results, and is consistent with the legal requirements of other state and tax budget rules.

Wayne Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

Note 14 – Restatement of Fund Balances

To comply with State of Ohio Auditor’s Bulletin 2011-004 concerning Governmental Accounting Board Statement No. 54, fund code 035 and fund code 018 are now added into what is termed the “General Fund” and removed from the “Other Governmental Fund” totals. In addition fund code 014 (internal service) and fund code 020 (enterprise) were moved to fund code 018, which the complete totals now roll up to the General Fund.

	GENERAL FUND	OTHER GOVERNMENTAL	TOTAL
2010 Ending Fund Balance	\$ 987,142	\$ 2,040,630	\$ 3,027,772
Fund Code 018 balance	\$ 47,314	\$ (47,314)	\$ -
Fund Code 035 balance	\$ 228,846	\$ (228,846)	\$ -
Fund code 014 to 018	\$ 22,913	\$ (22,913)	\$ -
Fund code 020 to 018	\$ 172,900	\$ (172,900)	\$ -
Sub-total reclassification	\$ 471,973	\$ (471,973)	\$ -
Revised 2010 Ending Fund Balance	\$ 1,459,115	\$ 1,568,657	\$ 3,027,772

**WAYNE LOCAL SCHOOL DISTRICT
WARREN COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<i>Passed through Ohio Department of Education:</i>					
Non-Cash Assistance:					
National School Lunch Program	10.555	\$ -	\$ 22,472	\$ -	\$ 22,472
Cash Assistance:					
National School Breakfast Program	10.553	19,964	----	19,964	----
National School Lunch	10.555	109,259	----	109,259	----
Total U.S. Department of Agriculture		129,223	22,472	129,223	22,472
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<i>Passed through Ohio Department of Education:</i>					
Education Consolidation and Improvement Act					
Title 1 - FY 11	84.010	115,685	----	115,685	----
ARRA - Title 1, FY11	84.389	26,439	----	26,439	----
<i>Total Title I</i>		142,124	-	142,124	-
Special Education Cluster:					
Special Education Grants to States					
IDEA Part B - FY11	84.027	238,044	----	238,044	----
IDEA Part B - Caseload Grant		12,760	----	9,324	----
ARRA - IDEA Part B, FY11	84.391	152,227	----	152,227	----
Educational Handicapped Preschool					
Preschool Subsidy - FY11	84.173	2,748		2,748	
ARRA - Preschool Subsidy	84.392	404	----	404	----
<i>Total Special Education Cluster</i>		406,183	-	402,747	-
Additional Programs:					
Technology IID - FY11	84.318	385	----	385	----
Improving Teacher Quality - FY11	84.367	36,258	----	36,258	----
ARRA - State Fiscal Stabilization Fund (SFSF), FY11	84.394	327,453	----	327,453	----
ARRA - Race to the Top (RTTT) - FY11	84.395	12,500	----	12,500	----
Education Jobs Program - FY11	84.410	240,614	----	240,614	----
<i>Total Additional Programs:</i>		617,210		617,210	
Total Department of Education		1,165,517	----	1,162,081	----
TOTAL FEDERAL FINANCIAL ASSISTANCE		\$ 1,294,740	\$ 22,472	\$ 1,291,304	\$ 22,472

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

**WAYNE LOCAL SCHOOL DISTRICT
WARREN COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Wayne Local School District
Warren County
659 Dayton Rd.
Waynesville, Ohio 45068

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Wayne Local School District, Warren County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 29, 2012, wherein we noted that the District follows the cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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* wherein we noted the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2011-001.

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 29, 2012.

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

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

Dave Yost
Auditor of State

February 29, 2012



Dave Yost • Auditor of State

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

Wayne Local School District
Warren County
659 Dayton Rd.
Waynesville, Ohio 45068

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

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 would not necessarily 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.

We intend this report solely for the information and use of the audit committee, management, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone 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 "Y" and "O".

Dave Yost
Auditor of State

February 29, 2012

WAYNE LOCAL SCHOOL DISTRICT
WARREN COUNTY

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2011-01

Noncompliance

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

**FINDING NUMBER 2011-01
(Continued)**

Ohio Admin. Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. The District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Government Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The School District can be fined and various other administrative remedies may be taken against the District.

We recommend the School District prepare its annual financial report in accordance with generally accepted accounting principles.

Officials’ Response:

The Wayne Local School follows the AICPA practices aid series in applying OCBOA in state and local governmental financial statements. The AICPA series clearly indicates that as many as 75% of state and local governmental entities use a basis of accounting other than GAAP. The Wayne Local Schools Board of Education has determined that OCBOA is cost effective and provides all users with a sound basis of “cash” financial results. OCBOA and cash reporting is consistent with all other required governmental and tax budget reporting. We feel that by filing the widely accepted cash (non GAAP) financial statements that we serve the district and the community in the most cost effective manner, and provide an understandable set of resultant financial statements. Please understand this is not an internal control matter impacting the transactional integrity of our financial systems.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

**WAYNE LOCAL SCHOOL DISTRICT
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	A noncompliance citation was Issued for Ohio Revised Code Section 117.38 and Ohio Admin. Code Section 117-2- 03 (B), for failing to prepare the School District's financial statements in accordance with generally accepted accounting principles.	No	Reissued as Finding 2011-001 The School District's officials did not believe that preparing financial Statements in accordance with generally accepted accounting principles was cost beneficial.

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Wayne Local School District
Warren County
659 Dayton Rd.
Waynesville, Ohio 45068

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

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

1. We noted the Board amended its anti-harassment policy at its meeting on 3/14/11 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

February 29, 2012

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Dave Yost • Auditor of State

WAYNE LOCAL SCHOOL DISTRICT

WARREN 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 22, 2012