



**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2012



Dave Yost • Auditor of State

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
General Purpose External Financial Statements:	
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	17
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	21
Statement of Net Assets – Proprietary Fund	22
Statement of Revenues, Expenses and Change in Net Assets – Proprietary Fund	23
Statement of Cash Flows – Proprietary Fund.....	24
Statement of Fiduciary Net Assets – Fiduciary Funds.....	25
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	26
Notes to the Basic Financial Statements	27
Federal Awards Receipts and Expenditures Schedule.....	57
Notes to the Federal Awards Receipts and Expenditures Schedule	58
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	59
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A133.....	61
Schedule of Findings.....	63
Independent Accountants' Report on Applying Agreed-Upon Procedure	65

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INDEPENDENT ACCOUNTANTS' REPORT

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

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 Wynford Local School District, Crawford County, Ohio, (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wynford Local School District, Crawford County, Ohio, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Dave Yost
Auditor of State

December 7, 2012

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

The management's discussion and analysis of the Wynford Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets of governmental activities increased \$21,875, which represents a 0.52% increase from fiscal year 2011.
- General revenues accounted for \$9,589,642 in revenue or 78.68% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,598,379 or 21.32% of total revenues of \$12,188,021.
- The District had \$12,166,146 in expenses related to governmental activities; \$2,598,379 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$9,589,642 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$10,162,962 in revenues and \$10,322,044 in expenditures and other financing uses. During fiscal year 2012, the general fund's fund balance decreased \$159,082 from \$1,027,175 to \$868,093.
- The bond retirement fund had \$719,999 in revenues and \$536,744 in expenditures. During fiscal year 2012, the bond retirement fund's fund balance increased \$183,255 from \$665,438 to \$848,693.

Using these Basic Financial Statements

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

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

The District's statement of net assets and statement of activities can be found on pages 15 and 16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and bond retirement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Proprietary Funds

The District maintains one proprietary fund, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for medical/hospitalization, prescription drug and dental self-insurance program. The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 25 and 26. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-54 of this report.

The District as a Whole

Recall that the statement of net assets provides the perspective of the District as a whole. A comparative analysis has been provided.

The table below provides a summary of the District's net assets at June 30, 2012 and June 30, 2011.

	<u>Governmental Activities 2012</u>	<u>Governmental Activities 2011</u>
<u>Assets</u>		
Current and other assets	\$ 6,495,405	\$ 6,520,125
Capital assets, net	<u>7,453,152</u>	<u>7,633,133</u>
Total assets	<u>13,948,557</u>	<u>14,153,258</u>
<u>Liabilities</u>		
Current liabilities	3,802,751	3,706,033
Long-term liabilities	<u>5,891,033</u>	<u>6,214,327</u>
Total liabilities	<u>9,693,784</u>	<u>9,920,360</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	2,263,133	2,096,237
Restricted	1,021,426	1,250,412
Unrestricted	<u>970,214</u>	<u>886,249</u>
Total net assets	<u>\$ 4,254,773</u>	<u>\$ 4,232,898</u>

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

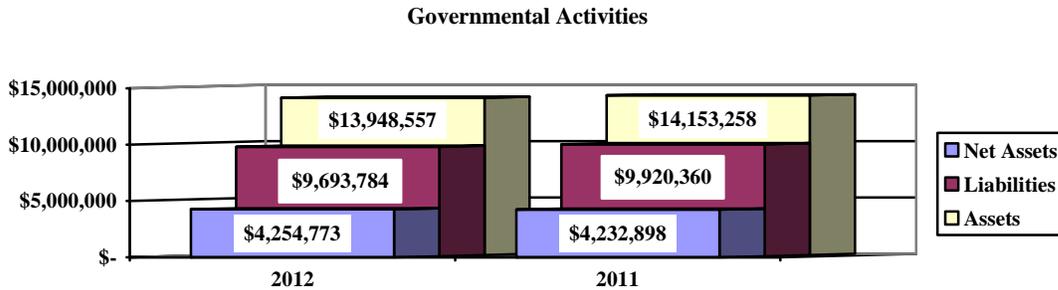
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the District's assets exceeded liabilities by \$4,254,773. Of this total, \$970,214 is unrestricted in use.

At fiscal year-end, capital assets represented 53.43% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2012, were \$2,263,133. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,021,426, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$970,214 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2012 and June 30, 2011.



The table below shows the change in net assets for fiscal years 2012 and 2011.

	Change in Net Assets	
	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,298,875	\$ 1,208,485
Operating grants and contributions	1,299,504	1,495,304
General revenues:		
Property taxes	3,983,012	3,846,115
Grants and entitlements	5,551,020	5,693,221
Investment earnings	15,261	31,741
Other	<u>40,349</u>	<u>34,653</u>
 Total revenues	 <u>12,188,021</u>	 <u>12,309,519</u>

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

<u>Expenses</u>	Change in Net Assets	
	Governmental	Governmental
	Activities	Activities
	<u>2012</u>	<u>2011</u>
Program expenses:		
Instruction:		
Regular	\$ 4,552,678	\$ 4,757,264
Special	1,459,486	1,240,644
Vocational	68,021	5,145
Other	738,083	617,806
Support services:		
Pupil	1,008,648	995,295
Instructional staff	391,159	474,030
Board of education	6,946	6,744
Administration	927,932	861,965
Fiscal	409,957	375,425
Business	16,691	16,870
Operations and maintenance	731,215	695,227
Pupil transportation	614,314	743,822
Central	60,404	50,307
Operation of non-instructional services:		
Other non-instructional services	600	600
Food service operations	536,632	483,428
Extracurricular activities	376,488	380,152
Interest and fiscal charges	<u>266,892</u>	<u>275,510</u>
Total expenses	<u>12,166,146</u>	<u>11,980,234</u>
Change in net assets	21,875	329,285
Net assets at beginning of year	<u>4,232,898</u>	<u>3,903,613</u>
Net assets at end of year	<u>\$ 4,254,773</u>	<u>\$ 4,232,898</u>

Governmental Activities

Net assets of the District's governmental activities increased \$21,875. Total governmental expenses of \$12,166,146 were offset by program revenues of \$2,598,379 and general revenues of \$9,589,642. Program revenues supported 21.36% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 78.22% of total governmental revenue. Operating grants and contributions decreased \$195,800 or 13.09% primarily because of the phasing out of the stimulus program and state fiscal stabilization funds.

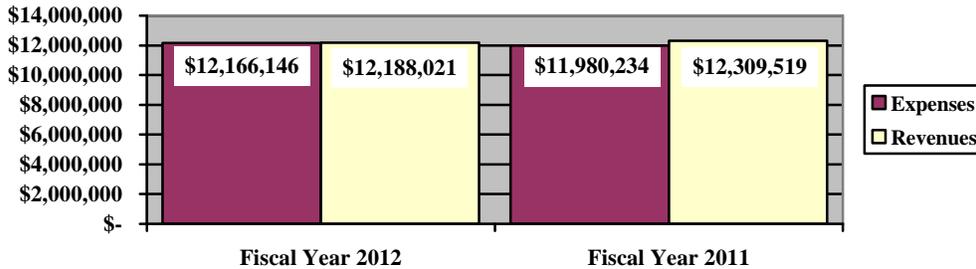
The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,818,268 or 56.04% of total governmental expenses for fiscal year 2012.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2012 and 2011.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2012 and 2011. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Program expenses				
Instruction:				
Regular	\$ 4,552,678	\$ 3,553,602	\$ 4,757,264	\$ 3,633,877
Special	1,459,486	506,721	1,240,644	376,087
Vocational	68,021	62,096	5,145	(304)
Other	738,083	738,083	617,806	592,343
Support services:				
Pupil	1,008,648	1,005,362	995,295	989,720
Instructional staff	391,159	374,475	474,030	461,414
Board of education	6,946	6,946	6,744	6,744
Administration	927,932	924,429	861,965	853,665
Fiscal	409,957	409,957	375,425	375,425
Business	16,691	16,691	16,870	16,870
Operations and maintenance	731,215	729,565	695,227	681,652
Pupil transportation	614,314	611,722	743,822	696,212
Central	60,404	54,660	50,307	33,768
Operation of non-instructional services:				
Other non-instructional services	600	600	600	600
Food service operations	536,632	56,555	483,428	8,171
Extracurricular activities	376,488	249,411	380,152	274,691
Interest and fiscal charges	266,892	266,892	275,510	275,510
Total expenses	\$ 12,166,146	\$ 9,567,767	\$ 11,980,234	\$ 9,276,445

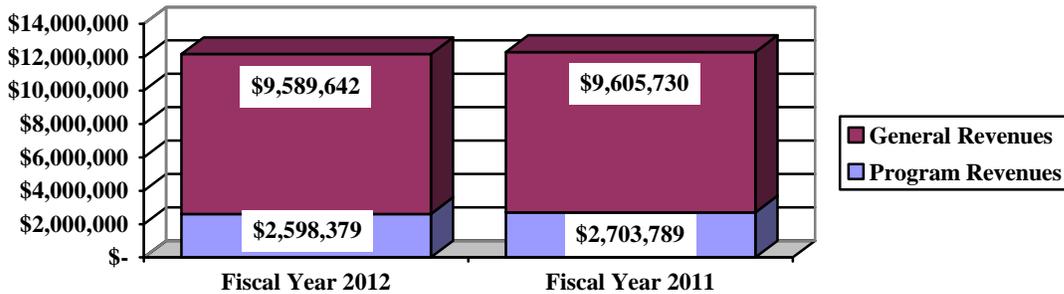
**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

The dependence upon tax and other general revenues for governmental activities is apparent, 71.29% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.64%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2012 and 2011.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$1,947,583, which is greater than last year's total balance of \$1,930,944. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2012 and June 30, 2011.

	Fund Balance <u>June 30, 2012</u>	Fund Balance <u>June 30, 2011</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
General	\$ 868,093	\$ 1,027,175	\$ (159,082)	(15.49) %
Bond Retirement	848,693	665,438	183,255	27.54 %
Other Governmental	<u>230,797</u>	<u>238,331</u>	<u>(7,534)</u>	(3.16) %
Total	<u>\$ 1,947,583</u>	<u>\$ 1,930,944</u>	<u>\$ 16,639</u>	0.86 %

General Fund

The District's general fund balance decreased \$159,082 due to expenditures outpacing revenues during fiscal year 2012. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

	2012 <u>Amount</u>	2011 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 3,323,688	\$ 3,277,944	\$ 45,744	1.40 %
Tuition	887,400	800,920	86,480	10.80 %
Earnings on investments	15,151	31,455	(16,304)	(51.83) %
Classroom materials and fees	48,269	43,867	4,402	10.03 %
Intergovernmental	5,846,455	5,654,727	191,728	3.39 %
Other revenues	<u>41,999</u>	<u>48,228</u>	<u>(6,229)</u>	<u>(12.92) %</u>
 Total	 <u>\$ 10,162,962</u>	 <u>\$ 9,857,141</u>	 <u>\$ 305,821</u>	 3.10 %
<u>Expenditures</u>				
Instruction	\$ 6,050,475	\$ 6,125,648	\$ (75,173)	(1.23) %
Support services	3,967,067	3,811,540	155,527	4.08 %
Other non-instructional services	600	600	-	- %
Extracurricular activities	249,053	236,018	13,035	5.52 %
Facilities acquisition and construction	3,000	-	3,000	100.00 %
Debt service	<u>8,578</u>	<u>6,434</u>	<u>2,144</u>	<u>33.32 %</u>
 Total	 <u>\$ 10,278,773</u>	 <u>\$ 10,180,240</u>	 <u>\$ 98,533</u>	 0.97 %

Revenues of the general fund increased \$305,821 or 3.10%. The significant increase in the area of tuition revenue, which increased \$86,480 or 10.80%, was due to an increase in open enrollment receipts made during fiscal year 2012. Earnings on investments decreased \$16,304 or 51.83% due to declining interest rates during fiscal year 2012. All other revenues remained comparable in dollar amount to fiscal year 2011.

Expenditures of the general fund increased \$98,533 or 0.97%. The most significant increase was in the area of support services expenditures, but the minimal overall increase in expenditures is attributable to the District's effort to remain fiscally responsible during difficult economic times.

Bond Retirement Fund

The bond retirement fund had \$719,999 in revenues and \$536,744 in expenditures. During fiscal year 2012, the bond retirement fund's fund balance increased \$183,255 from \$665,438 to \$848,693.

General Fund Budgeting Highlights

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

During the course of fiscal year 2012, the District amended its general fund budget multiple times. For the general fund, original budgeted revenues and other financing sources were \$10,244,875 and final budgeted revenues and other financing sources were \$12,144,757. Actual revenues and other financing sources for fiscal year 2012 were \$12,116,607. This represents a \$28,150 decrease from final budgeted amounts.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$10,618,897 and final budgeted amounts totaled \$12,813,458. The actual budget basis expenditures and other financing uses for fiscal year 2012 totaled \$12,531,580, which was \$281,878 less than the final budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the District had \$7,453,152 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2012 balances compared to June 30, 2011 balances:

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

	Governmental Activities	
	2012	2011
Land	\$ 230,237	\$ 230,237
Land improvements	180,298	196,587
Building and improvements	6,407,163	6,605,399
Furniture and equipment	454,693	477,828
Vehicles	180,761	123,082
Total	\$ 7,453,152	\$ 7,633,133

The overall decrease in capital assets of \$179,981 is due to depreciation expense of \$294,665 and net capital asset disposals of \$17,587 exceeding capital outlays of \$132,271.

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

Debt Administration

At June 30, 2012, the District had \$2,465,000 in series 1999 general obligation bonds, \$2,560,000 in series 2008 general obligation bonds, \$119,995 in capital appreciation bonds, \$84,753 in accreted interest, and \$20,238 in capital lease obligations. Of this total, \$307,821 is due within one year and \$4,942,165 is due in more than one year. The following table summarizes the bonds and capital lease obligations outstanding.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

Outstanding Debt, at Year End

	Governmental Activities <u>2012</u>	Governmental Activities <u>2011</u>
General obligation bonds - series 1999	\$ 2,465,000	\$ 2,720,000
Refunding bonds - series 2008		
Current interest bonds	2,560,000	2,585,000
Capital appreciation bonds	119,995	119,995
Accreted interest	84,753	60,826
Capital lease obligation	<u>20,238</u>	<u>27,712</u>
Total	<u>\$ 5,249,986</u>	<u>\$ 5,513,533</u>

At June 30, 2012, the District's overall legal debt margin was \$7,944,689 with an unvoted debt margin of \$136,011. See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

Consistent with many school districts in Ohio, the District is forced to face the difficult challenges of maintaining the highest standards of service to the students and the community, while striving to remain financially solvent. The Ohio Department of Education is currently working on a new funding model to replace the bridge formula from the evidence-based school funding model (HB1) that was introduced by the Governor and approved by the House and Senate in July of 2009. It should be noted that fiscal year 2011 was the last year of the biennium budget, meaning there has been continued uncertainty regarding the amount of State of Ohio funding the District will receive in the future as a new funding model is developed. However, for fiscal year 2012, the District was given a guarantee of the amount received in fiscal year 2011 less approximately \$388,000 that was received in non-renewed federal stimulus funds. The District plans to continue to monitor how the new funding model's calculations, changes in the State's biennium budget, and corresponding decisions on funding schools affect the District's budget.

The District's five year forecast shows a positive carryover to the subsequent year at the end of fiscal years 2012 and 2013. Although the current forecast displays expenditures over the carryover from the prior year plus current year revenues beginning in fiscal year 2014, the District will continue to closely monitor the results of moving to a self-insured health savings account plan for its medical and prescription insurance, estimating that the generated savings from this change, maintaining careful spending, and identifying ways to further trim expenditures will eliminate the negative margin in future years. It should be noted that the certified and classified staff negotiated a base pay freeze for fiscal years 2012 through 2014. This generous agreement by the staff greatly contributed to a positive forecast in the future. In addition, the passage of a 2.79 mill emergency levy renewal and a 6.9 mill operating levy renewal in May of 2012 was essential to continuing the positive carryover balances in fiscal years 2013 and beyond. That voter approval exemplifies the support of the Wynford community to maintain expenditures to provide a quality education to the students. The Board of Education will continue to monitor the projections included in the five year forecast and make decisions accordingly, including attempting to identify additional cost savings with the administration and staff's assistance.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED
(Continued)**

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Leesa Smith, Treasurer, Wynford Local School District, 3288 Holmes Center Road, Bucyrus, Ohio 44820-9462.

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**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 2,192,552
Investments	27,798
Receivables:	
Taxes	4,026,222
Accounts	134
Intergovernmental	171,459
Prepayments	9,560
Materials and supplies inventory	7,853
Unamortized bond issue costs	59,827
Capital assets:	
Land	230,237
Depreciable capital assets, net	7,222,915
Capital assets, net	7,453,152
Total assets	13,948,557
Liabilities:	
Accounts payable	39,022
Accrued wages and benefits	834,010
Pension obligation payable	212,475
Intergovernmental payable	69,087
Accrued interest payable	18,624
Claims payable	158,836
Unearned revenue	2,470,697
Long-term liabilities:	
Due within one year	395,397
Due in more than one year	5,495,636
Total liabilities	9,693,784
Net Assets:	
Invested in capital assets, net of related debt	2,263,133
Restricted for:	
Debt service	860,696
Locally funded programs	683
State funded programs	1,212
Federally funded programs	8,117
Student activities	139,671
Other purposes	11,047
Unrestricted	970,214
Total net assets	\$ 4,254,773

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Revenue and Changes in Net Assets</u>
				<u>Governmental Activities</u>
Governmental activities:				
Instruction:				
Regular	\$ 4,552,678	\$ 926,251	\$ 72,825	\$ (3,553,602)
Special	1,459,486	8,974	943,791	(506,721)
Vocational	68,021	504	5,421	(62,096)
Other	738,083	-	-	(738,083)
Support services:				
Pupil.	1,008,648	-	3,286	(1,005,362)
Instructional staff	391,159	-	16,684	(374,475)
Board of education	6,946	-	-	(6,946)
Administration.	927,932	-	3,503	(924,429)
Fiscal.	409,957	-	-	(409,957)
Business.	16,691	-	-	(16,691)
Operations and maintenance	731,215	1,650	-	(729,565)
Pupil transportation.	614,314	-	2,592	(611,722)
Central	60,404	-	5,744	(54,660)
Operation of non-instructional services:				
Other non-instructional services	600	-	-	(600)
Food service operations	536,632	236,318	243,759	(56,555)
Extracurricular activities.	376,488	125,178	1,899	(249,411)
Interest and fiscal charges	266,892	-	-	(266,892)
Total governmental activities	\$ 12,166,146	\$ 1,298,875	\$ 1,299,504	(9,567,767)

General revenues:

Property taxes levied for:

General purposes	3,351,285
Debt service.	631,727

Grants and entitlements not restricted

to specific programs	5,551,020
Investment earnings	15,261
Miscellaneous	40,349

Total general revenues 9,589,642

Change in net assets 21,875

Net assets at beginning of year. 4,232,898

Net assets at end of year \$ 4,254,773

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 700,430	\$ 630,308	\$ 359,376	\$ 1,690,114
Investments	-	-	27,798	27,798
Receivables:				
Taxes	3,379,195	647,027	-	4,026,222
Accounts	134	-	-	134
Intergovernmental	65,422	-	106,037	171,459
Interfund loans	17,163	-	-	17,163
Prepayments	9,335	-	225	9,560
Materials and supplies inventory	-	-	7,853	7,853
Restricted assets:				
Equity in pooled cash and cash equivalents	10,675	-	-	10,675
Total assets	<u>\$ 4,182,354</u>	<u>\$ 1,277,335</u>	<u>\$ 501,289</u>	<u>\$ 5,960,978</u>
Liabilities:				
Accounts payable	\$ 24,242	\$ -	\$ 14,780	\$ 39,022
Accrued wages and benefits	727,427	-	106,583	834,010
Compensated absences payable	6,416	-	-	6,416
Pension obligation payable	189,684	-	22,791	212,475
Intergovernmental payable	65,949	-	3,138	69,087
Interfund loans payable	-	-	17,163	17,163
Deferred revenue	227,861	30,627	106,037	364,525
Unearned revenue	2,072,682	398,015	-	2,470,697
Total liabilities	<u>3,314,261</u>	<u>428,642</u>	<u>270,492</u>	<u>4,013,395</u>
Fund Balances:				
Nonspendable:				
Prepayments	9,335	-	225	9,560
Materials and supplies inventory	-	-	7,853	7,853
Restricted:				
Debt service	-	848,693	-	848,693
Extracurricular	-	-	139,446	139,446
School bus purchases	10,675	-	-	10,675
Other purposes	-	-	2,267	2,267
Committed:				
Capital improvements	-	-	230,936	230,936
Student and staff support	6,281	-	-	6,281
Student instruction	46,946	-	-	46,946
Assigned:				
Student and staff support	108,834	-	-	108,834
Student instruction	10,824	-	-	10,824
Subsequent year appropriations	192,871	-	-	192,871
Unassigned (deficit)	482,327	-	(149,930)	332,397
Total fund balances	<u>868,093</u>	<u>848,693</u>	<u>230,797</u>	<u>1,947,583</u>
Total liabilities and fund balances	<u>\$ 4,182,354</u>	<u>\$ 1,277,335</u>	<u>\$ 501,289</u>	<u>\$ 5,960,978</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012**

Total governmental fund balances		\$	1,947,583
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			7,453,152
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	193,066	
Intergovernmental receivable		<u>171,459</u>	
Total			364,525
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.			332,927
Unamortized premiums on bond issuances are not recognized in the funds.			(199,411)
Unamortized bond issuance costs are not recognized in the funds.			59,827
Unamortized deferred amounts on refundings are not recognized in the funds.			114,798
On the statement of net assets interest is accrued on outstanding bonds, whereas in governmental funds, interest is accrued when due.			(18,624)
Long-term liabilities, including bonds and lease obligations payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(550,018)	
General obligation bonds payable		(5,229,748)	
Capital lease obligation payable		<u>(20,238)</u>	
Total			<u>(5,800,004)</u>
Net assets of governmental activities		\$	<u><u>4,254,773</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 3,323,688	\$ 627,677	\$ -	\$ 3,951,365
Tuition	887,400	-	-	887,400
Charges for services	-	-	236,318	236,318
Earnings on investments	15,151	-	385	15,536
Classroom materials and fees	48,269	-	-	48,269
Extracurricular	-	-	116,488	116,488
Rental income	1,650	-	-	1,650
Contributions and donations	-	-	12,288	12,288
Contract services	-	-	8,750	8,750
Other local revenues	40,349	-	-	40,349
Intergovernmental - state	5,790,102	92,322	5,400	5,887,824
Intergovernmental - federal	56,353	-	963,307	1,019,660
Total revenues	10,162,962	719,999	1,342,936	12,225,897
Expenditures:				
Current:				
Instruction:				
Regular	4,276,997	-	174,844	4,451,841
Special	967,543	-	465,219	1,432,762
Vocational	67,852	-	-	67,852
Other	738,083	-	-	738,083
Support services:				
Pupil	922,587	-	73,810	996,397
Instructional staff	362,516	-	15,407	377,923
Board of education	6,909	-	-	6,909
Administration	875,880	-	3,184	879,064
Fiscal	379,841	19,586	-	399,427
Business	16,691	-	-	16,691
Operations and maintenance	695,567	-	-	695,567
Pupil transportation	663,548	-	-	663,548
Central	43,528	-	14,798	58,326
Operation of non-instructional services:				
Other non-instructional services	600	-	-	600
Food service operations	-	-	524,055	524,055
Extracurricular activities	249,053	-	119,340	368,393
Facilities acquisition and construction	3,000	-	3,084	6,084
Debt service:				
Principal retirement	7,474	280,000	-	287,474
Interest and fiscal charges	1,104	237,158	-	238,262
Total expenditures	10,278,773	536,744	1,393,741	12,209,258
Excess (deficiency) of revenues over (under) expenditures	(115,811)	183,255	(50,805)	16,639
Other financing sources (uses):				
Transfers in	-	-	43,271	43,271
Transfers (out)	(43,271)	-	-	(43,271)
Total other financing sources (uses)	(43,271)	-	43,271	-
Net change in fund balances	(159,082)	183,255	(7,534)	16,639
Fund balances at beginning of year	1,027,175	665,438	238,331	1,930,944
Fund balances at end of year	\$ 868,093	\$ 848,693	\$ 230,797	\$ 1,947,583

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Net change in fund balances - total governmental funds \$ 16,639

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

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

Capital asset additions	\$ 132,271	
Current year depreciation	(294,665)	

Total		(162,394)
-------	--	-----------

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

(17,587)

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

Taxes	31,647	
Intergovernmental	(69,633)	

Total		(37,986)
-------	--	----------

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

General obligation bonds	280,000	
Capital lease	7,474	

Total		287,474
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Decrease in accrued interest payable	961	
Accretion of interest on "capital appreciation" bonds	(23,927)	
Amortization of bond premium	17,466	
Amortization of deferred charges on refundings	(17,890)	
Amortization of bond issue costs	(5,240)	

Total		(28,630)
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Some expenses reported in the statement of activities, including compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

25,499

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

(61,140)

Change in net assets of governmental activities **\$ 21,875**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 3,245,270	\$ 3,272,613	\$ 3,271,579	\$ (1,034)
Tuition	828,555	887,844	887,400	(444)
Earnings on investments	30,000	16,500	15,151	(1,349)
Classroom materials and fees	45,060	46,582	48,135	1,553
Rental income	-	1,675	1,650	(25)
Other local revenues	15,000	15,000	13,769	(1,231)
Intergovernmental - state	5,621,018	5,790,375	5,790,102	(273)
Intergovernmental - federal	50,000	56,353	56,353	-
Total revenues	<u>9,834,903</u>	<u>10,086,942</u>	<u>10,084,139</u>	<u>(2,803)</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,412,803	4,403,340	4,295,371	107,969
Special	1,044,891	1,051,461	1,036,656	14,805
Vocational	8,713	37,016	67,848	(30,832)
Other	770,229	762,983	746,241	16,742
Support services:				
Pupil	958,302	953,814	929,555	24,259
Instructional staff	359,598	397,046	377,755	19,291
Board of education	7,210	7,324	7,037	287
Administration	878,091	917,142	889,933	27,209
Fiscal	384,144	397,033	390,312	6,721
Business	15,674	17,304	16,691	613
Operations and maintenance	694,903	712,650	698,285	14,365
Pupil transportation	658,516	692,104	744,027	(51,923)
Central	70,426	45,914	43,478	2,436
Operation of non-instructional services:				
Other non-instructional services	633	613	600	13
Extracurricular activities	238,909	255,980	225,601	30,379
Facilities acquisition and construction	3,164	3,067	3,000	67
Total expenditures	<u>10,506,206</u>	<u>10,654,791</u>	<u>10,472,390</u>	<u>182,401</u>
Excess of expenditures over revenues	<u>(671,303)</u>	<u>(567,849)</u>	<u>(388,251)</u>	<u>179,598</u>
Other financing sources (uses):				
Refund of prior year's expenditures	2,817	2,817	2,817	-
Transfers in	80,000	25,347	-	(25,347)
Transfers (out)	(2,368)	(98,584)	(43,265)	55,319
Advances in	327,155	2,029,651	2,029,651	-
Advances (out)	(110,323)	(2,060,083)	(2,015,925)	44,158
Total other financing sources (uses)	<u>297,281</u>	<u>(100,852)</u>	<u>(26,722)</u>	<u>74,130</u>
Net change in fund balance	(374,022)	(668,701)	(414,973)	253,728
Fund balance at beginning of year	560,331	560,331	560,331	-
Prior year encumbrances appropriated	327,269	327,269	327,269	-
Fund balance at end of year	\$ 513,578	\$ 218,899	\$ 472,627	\$ 253,728

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2012**

	<u>Governmental Activities - Internal Service Fund</u>
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	<u>\$ 491,763</u>
Total assets	<u>491,763</u>
Liabilities:	
Claims payable.	<u>158,836</u>
Total liabilities	<u>158,836</u>
Net assets:	
Unrestricted	<u>332,927</u>
Total net assets.	<u><u>\$ 332,927</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 1,261,938
Total operating revenues	<u>1,261,938</u>
 Operating expenses:	
Purchased services.	245,964
Claims expense	<u>1,077,224</u>
Total operating expenses.	<u>1,323,188</u>
 Operating loss	 <u>(61,250)</u>
 Nonoperating revenues:	
Interest revenue	<u>110</u>
Total nonoperating revenues	<u>110</u>
 Change in net assets	 (61,140)
Net assets at beginning of year	<u>394,067</u>
Net assets at end of year.	<u><u>\$ 332,927</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	\$ 1,261,938
Cash payments for purchased services	(245,964)
Cash payments for claims	(998,273)
	17,701
Cash flows from investing activities:	
Interest received	110
	110
Net cash provided by investing activities.	110
Net increase in cash and cash equivalents	17,811
Cash and cash equivalents at beginning of year	473,952
Cash and cash equivalents at end of year	\$ 491,763
	491,763
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss.	\$ (61,250)
Changes in assets and liabilities:	
Increase in claims payable	78,951
	78,951
Net cash provided by operating activities	\$ 17,701
	17,701

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2012**

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalents.	\$ 10,152	\$ 64,760
Prepayments	-	100
	10,152	\$ 64,860
Total assets.	10,152	\$ 64,860
Liabilities:		
Accounts payable.	-	\$ 1,613
Due to students	-	63,247
	-	\$ 64,860
Total liabilities.	-	\$ 64,860
Net assets:		
Held in trust for scholarships	10,152	
	10,152	
Total net assets	\$ 10,152	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and contributions	\$ 1,000
Deductions:	
Scholarships awarded	2,000
Change in net assets	(1,000)
Net assets at beginning of year	11,152
Net assets at end of year.	\$ 10,152

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District currently operates two instructional buildings and a bus garage. The District is staffed by 87 certified and 51 non-certified employees to provide services to approximately 1,188 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, to its governmental activities and to its proprietary fund provided it does not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

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

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

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

A. Reporting Entity (Continued)

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

JOINTLY GOVERNED ORGANIZATIONS

Pioneer Career and Technology Center (PCTC)

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

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

The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2012, the District paid \$63,391 to the COG for various services. Financial information can be obtained from the Treasurer of the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

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

B. Fund Accounting (Continued)

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the District's major governmental funds:

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

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

C. Basis of Presentation and Measurement Focus (Continued)

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

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

D. Basis of Accounting (Continued)

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2012 are recorded as deferred revenue on the governmental fund financial statements.

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

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2012 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination. Crawford County has waived this requirement for fiscal year 2012.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2012.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

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

E. Budgets (Continued)

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to July 1, 2012. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at fiscal year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

During fiscal year 2012, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and nonnegotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2012. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2012.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

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

F. Cash and Investments (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Investment earnings are assigned to the general fund and nonmajor governmental funds. Interest revenue credited to the general fund during fiscal year 2012 amounted to \$15,151 which includes \$8,273 assigned from other funds.

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

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

G. Inventory

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

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

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

I. Interfund Balances

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

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2012, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2012 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

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

K. Accrued Liabilities and Long-Term Obligations

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

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

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

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

L. Fund Balance

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

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

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

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

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

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

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

L. Fund Balance (Continued)

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes includes an amount restricted by State statute for school bus purchases (See Note 16) and an amount restricted for special trust activities.

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

N. Prepayments

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

O. Estimates

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

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

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

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

P. Unamortized Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss (Continued)

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as an addition to or reduction of the face amount of the new debt. On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bond's face value and the amount reported on the statement of net assets is presented in Note 10.A.

Q. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set-aside for school bus purchases. This restriction is required by State statute. A schedule of restricted assets is presented in Note 16.

R. Interfund Activity

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2012, the District has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

A. Change in Accounting Principles (Continued)

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2012 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food service	\$ 44,811
Education jobs	17,607
Title VI-B	41,768
Title II-D	990
Title I	30,376
IDEA preschool grant	15
Classroom reduction	6,510

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

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

B. Deposits with Financial Institutions

At June 30, 2012, the carrying amount of all District deposits was \$1,964,126. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, \$1,604,433 of the District's bank balance of \$2,052,148 was exposed to custodial risk as discussed below, while \$447,715 was covered by the FDIC.

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

C. Investments

As of June 30, 2012, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	<u>\$ 327,311</u>	<u>\$ 327,311</u>

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

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2012:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	<u>\$ 327,311</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2012:

<u>Cash and investments per note</u>		
Carrying amount of deposits		\$ 1,964,126
Investments		327,311
Cash on hand		<u>3,825</u>
Total		<u>\$ 2,295,262</u>
 <u>Cash and investments per statement of net assets</u>		
Governmental activities		\$ 2,220,350
Private-purpose trust fund		10,152
Agency fund		<u>64,760</u>
Total		<u>\$ 2,295,262</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2012 as reported on the fund statements, consisted of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 17,163</u>

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B. Interfund transfers for the year ended June 30, 2012, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	<u>Amount</u>
General fund	<u>\$ 43,271</u>

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

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2012 represent the collection of calendar year 2011 taxes. Public utility real and personal property taxes received in calendar year 2012 became a lien on December 31, 2010, were levied after April 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Crawford and Wyandot Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available as an advance at June 30, 2012 was \$1,144,074 in the general fund and \$218,385 in the bond retirement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2011 was \$1,091,965 in the general fund and \$206,404 in the bond retirement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2012 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	2011 Second Half Collections		2012 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 129,153,490	95.82	\$ 130,002,280	95.58
Public utility personal	<u>5,638,910</u>	<u>4.18</u>	<u>6,008,730</u>	<u>4.42</u>
Total	<u>\$ 134,792,400</u>	<u>100.00</u>	<u>\$ 136,011,010</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 56.64		\$ 56.57	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2012 consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:	
Taxes	\$ 4,026,222
Accounts	134
Intergovernmental	<u>171,459</u>
Total	<u>\$ 4,197,815</u>

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance			Balance
	<u>06/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/12</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 230,237	\$ -	\$ -	\$ 230,237
Total capital assets, not being depreciated	<u>230,237</u>	<u>-</u>	<u>-</u>	<u>230,237</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	341,759	2,500	-	344,259
Buildings and improvements	10,572,946	-	-	10,572,946
Furniture and equipment	1,196,031	47,886	(33,972)	1,209,945
Vehicles	980,598	81,885	-	1,062,483
Total capital assets, being depreciated	<u>13,091,334</u>	<u>132,271</u>	<u>(33,972)</u>	<u>13,189,633</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(145,172)	(18,789)	-	(163,961)
Buildings and improvements	(3,967,547)	(198,236)	-	(4,165,783)
Furniture and equipment	(718,203)	(53,434)	16,385	(755,252)
Vehicles	(857,516)	(24,206)	-	(881,722)
Total accumulated depreciation	<u>(5,688,438)</u>	<u>(294,665)</u>	<u>16,385</u>	<u>(5,966,718)</u>
Governmental activities capital assets, net	<u>\$ 7,633,133</u>	<u>\$ (162,394)</u>	<u>\$ (17,587)</u>	<u>\$ 7,453,152</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 119,704
Special	31,226
Vocational	169

Support services:

Pupil	9,388
Instructional staff	9,533
Board of education	37
Administration	25,588
Fiscal	4,647
Operations and maintenance	33,395
Pupil transportation	34,304
Central	2,078
Extracurricular activities	18,138
Food service operations	<u>6,458</u>
Total depreciation expense	<u>\$ 294,665</u>

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

In a prior fiscal year, the District entered into a capitalized lease for copier equipment. This lease agreement met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$33,100. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2012 totaled \$7,474 paid by the general fund. Accumulated depreciation as of June 30, 2012 was \$16,550, leaving a current book value of \$16,550.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2012.

Fiscal Year Ending June 30,	Amount
2013	\$ 8,578
2014	8,579
2015	4,289
Total minimum lease payments	21,446
Less: amount representing interest	(1,208)
Total	\$ 20,238

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2012, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/11</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/12</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
General obligation bonds - Series 1999	\$ 2,720,000	\$ -	\$ (255,000)	\$ 2,465,000	\$ 270,000
Refunding bonds - Series 2008					
Current interest bonds	2,585,000	-	(25,000)	2,560,000	30,000
Capital appreciation bonds	119,995	-	-	119,995	-
Accreted interest	60,826	23,927	-	84,753	-
Total G.O. Bonds	5,485,821	23,927	(280,000)	5,229,748	300,000
Compensated absences	616,605	91,549	(151,720)	556,434	87,576
Capital lease obligation	27,712	-	(7,474)	20,238	7,821
Total	\$ 6,130,138	\$ 115,476	\$ (439,194)	5,806,420	\$ 395,397
Add: Unamortized premium on refunding				199,411	
Less: Unamortized deferred charge on refunding				(114,798)	
Total on statement of net assets				\$ 5,891,033	

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

Series 2008 Refunding General Obligation Bonds: On February 14, 2008, the District issued general obligation bonds (Series 2008 Refunding Bonds) to advance refund the callable portion of the Series 1999 general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of both current interest bonds, par value \$2,680,000, and capital appreciation bonds par value \$119,995. The interest rates on the current interest bonds range from 3.75% - 4.00%. The capital appreciation bonds mature on December 1, 2019 (approximate initial offering yield at maturity 3.75%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2019 is \$520,000. Total accreted interest of \$84,753 has been included on the statement of net assets at June 30, 2012.

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

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

Year Ending June 30,	General Obligation Bonds - Series 1999		
	Principal	Interest	Total
2013	\$ 270,000	\$ 124,157	\$ 394,157
2014	300,000	111,400	411,400
2015	320,000	95,850	415,850
2016	345,000	77,563	422,563
2017	380,000	57,625	437,625
2018 - 2019	<u>850,000</u>	<u>48,007</u>	<u>898,007</u>
Total	<u>\$ 2,465,000</u>	<u>\$ 514,602</u>	<u>\$ 2,979,602</u>

Year Ending June 30,	Current Interest Refunding Bonds - Series 2008			Capital Appreciation Refunding Bonds - Series 2008		
	Principal	Interest	Total	Principal	Interest	Total
2013	\$ 30,000	\$ 100,518	\$ 130,518	\$ -	\$ -	\$ -
2014	30,000	99,506	129,506	-	-	-
2015	30,000	98,494	128,494	-	-	-
2016	30,000	97,482	127,482	-	-	-
2017	30,000	96,468	126,468	-	-	-
2018 - 2022	1,165,000	427,268	1,592,268	119,995	400,005	520,000
2023 - 2024	<u>1,245,000</u>	<u>50,500</u>	<u>1,295,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,560,000</u>	<u>\$ 970,236</u>	<u>\$ 3,530,236</u>	<u>\$ 119,995</u>	<u>\$ 400,005</u>	<u>\$ 520,000</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2012, are a voted debt margin of \$7,944,689 (including available funds of \$848,693) and an unvoted debt margin of \$136,011.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 11 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2012, the District contracted with various insurance companies for property and fleet insurance, liability insurance and inland marine coverage. Coverage provided by these insurance companies is as follows:

<u>Type of Coverage</u>	<u>Liability Limit</u>
Building and contents - replacement cost (\$1,000 deductible)	\$36,242,055
Boiler and machinery (\$1,000 deductible)	36,242,055
Mobile radio, computer, audio visual & music equipment (\$100 deductible)	36,242,055
Automobile liability (\$500 deductible)	1,000,000
Uninsured motorists	1,000,000
General liability:	
Per occurrence	1,000,000
Per year	2,000,000
Umbrella policy	5,000,000

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

B. Medical/Hospitalization, Prescription Drug and Dental Insurance

The District provides employee medical/hospitalization, prescription drug, and dental benefits through a self-insured program. The District maintains a self-insurance internal service fund to account for and finance this program. The claims liability reported in the internal service fund at June 30, 2012, in the amount of \$158,836, is based on an estimate provided by United HealthCare Services (UMR, the third party administrator) and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims. Change in claims activity for the past two fiscal years is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2012	\$ 79,885	\$ 1,077,224	\$ (998,273)	\$ 158,836
2011	176,114	706,335	(802,564)	79,885

C. Employee Group Life Insurance

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 11 - RISK MANAGEMENT – (Continued)

D. Workers' Compensation Plan

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$153,855, \$138,666 and \$142,492, respectively; 61.51 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 12 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$624,204, \$641,924 and \$597,509, respectively; 82.94 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$5,901 made by the District and \$4,215 made by the plan members.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 12 - PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 13 - POSTEMPLOYMENT BENEFITS – (Continued)

A. School Employees Retirement System

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$28,132, \$38,788 and \$26,348, respectively; 61.51 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$9,086, \$8,923 and \$8,474, respectively; 61.51 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$48,016, \$49,379 and \$45,962, respectively; 82.94 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (414,973)
Net adjustment for revenue accruals	52,243
Net adjustment for expenditure accruals	1,314
Net adjustment for other sources/uses	(16,543)
Funds budgeted elsewhere	(194)
Adjustment for encumbrances	219,071
GAAP basis	<u>\$ (159,082)</u>

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

NOTE 15 - CONTINGENCIES

A. Grants and ADM

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)**

NOTE 15 – CONTINGENCIES – (Continued)

B. Litigation

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

NOTE 16 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2011	\$ -
Current year set-aside requirement	196,365
Prior year offset from bond proceeds	<u>(196,365)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2013	<u>\$ -</u>
Set-aside balance June 30, 2012	<u>\$ -</u>

During fiscal year 1999, the District issued \$7,263,000 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$5,894,418 at June 30, 2012.

A schedule of the restricted assets at June 30, 2012 follows:

Amount restricted for school bus purchases	<u>\$ 10,675</u>
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WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

NOTE 17 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 153,678
Nonmajor governmental funds	<u>3,685</u>
Total	<u>\$ 157,363</u>

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Federal CFDA Number	Receipts	Disbursements
Program Title			
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	\$ 15,895	\$ 15,895
Cash Assistance:			
School Breakfast Program	10.553	32,389	32,389
National School Lunch Program	10.555	190,113	190,113
Total Child Nutrition Cluster		<u>238,397</u>	<u>238,397</u>
Total U.S. Department of Agriculture		<u>238,397</u>	<u>238,397</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education</i>			
Special Education Cluster:			
Special Education - Grants to States	84.027	261,709	260,708
ARRA - Special Education Grants to States, Recovery Act	84.391	28,738	28,738
Special Education - Preschool Grants	84.173	3,521	3,521
Total Special Education Cluster		<u>293,968</u>	<u>292,967</u>
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	185,031	177,665
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	419	-
Total Title I Cluster		<u>185,450</u>	<u>177,665</u>
Improving Teacher Quality State Grants	84.367	43,834	43,757
Educational Technology State Grants	84.318	472	335
Education Jobs Fund	84.410	195,823	193,692
Total U.S. Department of Education		<u>719,547</u>	<u>708,416</u>
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES		<u>\$ 957,944</u>	<u>\$ 946,813</u>

The accompanying notes are an integral part of this schedule.

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wynford Local School District, Crawford County, Ohio, (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 7, 2012.

We intend this report solely for the information and use of management, the finance committee, the Board of Education, federal awarding agencies, 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

December 7, 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

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

To the Board of Education:

Compliance

We have audited the compliance of Wynford Local School District, Crawford 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 Wynford Local School District's major federal programs for the year ended June 30, 2012. 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*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, Wynford Local School District, Crawford County, Ohio 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, 2012.

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 noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated December 7, 2012.

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



Dave Yost
Auditor of State

December 7, 2012

**WYNFORD LOCAL SCHOOL DISTRICT
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

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 Wynford Local School District, Crawford County, Ohio, (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 January 11, 2012 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 7, 2012

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WYNFORD LOCAL SCHOOL DISTRICT

CRAWFORD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 15, 2013