

WOOSTER CITY SCHOOL DISTRICT

WAYNE COUNTY

Audit Report

For the Year Ended June 30, 2013





Dave Yost • Auditor of State

Board of Education
Wooster City School District
144 North Market Street
Wooster, Ohio 44691

We have reviewed the *Independent Auditors' Report* of the Wooster City School District, Wayne County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wooster City School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 31, 2013

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**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY
AUDIT REPORT
For the Year Ending June 30, 2013**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Wooster City School District
Wayne County
144 North Market Street
Wooster, Ohio 44691

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The Schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
November 25, 2013

Wooster City School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

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

Financial Highlights

Key financial highlights for 2013 are as follows:

- Net position increased \$2.6 million, which represents a 6 percent increase from 2012. Net position in the governmental activities increased \$2.6 million and business-type activities increased nearly \$27,000 from fiscal year 2012.
- Capital assets in the governmental activities decreased \$1.4 million during fiscal year 2013 and capital assets in the business-type activities decreased less than \$41,000 from fiscal year 2012.
- During the year, outstanding debt and related charges in the governmental activities decreased from \$18.0 million to \$15.7 million due to principal payments made by the School District.

Using this Annual Report

This annual report consists of the MD&A, the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 highlight the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Wooster City School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Wooster City School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

These two statements report the School District's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School 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 School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** - Most of the School District's programs and services are reported here, including instruction, support services, operation of non-instructional services and extracurricular activities.

- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District food service, uniform supplies, recreation center, costs for outside entities and before and after school child care are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the debt service fund.

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

Wooster City School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The governmental fund financial statements begin on page 20.

Proprietary Funds - The School District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses enterprise funds to account for its food service, uniform school supplies, recreation center, costs for outside services and before and after school child care. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its drug and health benefit program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements (See Note 9 C). The proprietary fund financial statements begin on page 25.

Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used to proprietary funds. The fiduciary fund financial statements begin on page 28.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 31.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole.

Wooster City School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Table 1 provides a summary of the School District's net position for 2013 compared to 2012:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Current and Other Assets	\$ 59,528,339	\$ 56,244,113	\$ 1,182,976	\$ 1,297,079	\$ 60,711,315	\$ 57,541,192
Capital Assets	33,148,731	34,504,229	1,607,701	1,648,368	34,756,432	36,152,597
Total Assets	92,677,070	90,748,342	2,790,677	2,945,447	95,467,747	93,693,789
Liabilities						
Long-Term Liabilities	19,748,966	22,761,283	308,923	357,244	20,057,889	23,118,527
Other Liabilities	30,519,492	28,163,069	325,646	459,086	30,845,138	28,622,155
Total Liabilities	50,268,458	50,924,352	634,569	816,330	50,903,027	51,740,682
Net Position						
Net Investment in Capital Assets	20,827,023	21,384,394	1,607,701	1,648,368	22,434,724	23,032,762
Restricted	4,937,221	4,122,388	0	0	4,937,221	4,122,388
Unrestricted	16,644,368	14,317,208	548,407	480,749	17,192,775	14,797,957
Total Net Position	\$ 42,408,612	\$ 39,823,990	\$ 2,156,108	\$ 2,129,117	\$ 44,564,720	\$ 41,953,107

At year end, capital assets represented 36 percent of total assets of the governmental activities. Capital assets include, land, land improvements, buildings and improvements, furniture and equipment, vehicles, textbooks and an ice arena. Net investment in capital assets was \$20.8 million at June 30, 2013. These capital assets are used to provide services to students and are not available for future spending. Although the School 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 governmental activities net position, \$4.9 million or 12 percent, represents resources that are subject to external restrictions on how they may be used. The balance of governmental activities unrestricted net position of \$16.6 million may be used to meet the government's ongoing obligations to students and creditors.

Current and other assets increased \$3.3 million from fiscal year 2012. Taxes receivable increased \$2.3 million over fiscal year 2012 due to the timing of the property tax advance received from the County shortly before year end in fiscal 2012. Current liabilities increased \$2.4 million from fiscal year 2012 due to the increase in deferred tax revenue. Long term liabilities showed a decrease of \$3.0 million from fiscal year 2012 due to a decrease in long term compensated absences and principal payments on debt obligations.

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Total net position in the business-type activities increased nearly \$27,000 over fiscal year 2012. Total assets decreased \$.2 million and liabilities decreased \$.2 million in fiscal year 2013. Capital assets decreased nearly \$41,000 due to depreciation expense but no other individually significant item accounts for the changes in assets or liabilities. The decrease in liabilities was the result of a decrease in compensated absences.

Table 2 shows the changes in net position for fiscal year 2013 and 2012.

Table 2
Change in Net position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 1,191,327	\$ 1,151,358	\$ 2,381,349	\$ 2,288,558	\$ 3,572,676	\$ 3,439,916
Operating Grants	2,827,918	3,148,830	1,294,309	1,333,171	4,122,227	4,482,001
Total Program Revenues	4,019,245	4,300,188	3,675,658	3,621,729	7,694,903	7,921,917
<i>General Revenues:</i>						
Property Taxes	25,923,077	29,627,466	0	0	25,923,077	29,627,466
Grants and Entitlements Not Restricted	16,099,687	16,750,513	0	0	16,099,687	16,750,513
Other	123,227	138,021	25,681	323	148,908	138,344
Total General Revenues	42,145,991	46,516,000	25,681	323	42,171,672	46,516,323
Total Revenues	46,165,236	50,816,188	3,701,339	3,622,052	49,866,575	54,438,240
Program Expenses						
<i>Instruction:</i>						
Regular	17,895,955	18,821,787	0	0	17,895,955	18,821,787
Special	5,059,465	4,866,007	0	0	5,059,465	4,866,007
Vocational	469,588	411,365	0	0	469,588	411,365
Student Intervention Services	26,716	75,527	0	0	26,716	75,527
Other	2,603,668	2,487,990	0	0	2,603,668	2,487,990
<i>Support Services:</i>						
Pupils	1,997,500	2,143,392	0	0	1,997,500	2,143,392
Instructional Staff	2,121,988	2,114,120	0	0	2,121,988	2,114,120
Board of Education	177,106	114,881	0	0	177,106	114,881
Administration	2,757,385	2,902,550	0	0	2,757,385	2,902,550
Fiscal	893,539	933,305	0	0	893,539	933,305
Business	168,057	307,665	0	0	168,057	307,665
Operation and Maintenance of Plant	4,268,094	4,602,569	0	0	4,268,094	4,602,569
Pupil Transportation	2,089,921	1,736,634	0	0	2,089,921	1,736,634
Central	682,057	549,611	0	0	682,057	549,611
Operation of Non-Instructional Services	749,859	631,421	0	0	749,859	631,421
Extracurricular Activities	650,860	625,223	0	0	650,860	625,223
Depreciation Expense Not Included in Other Functions	90,356	90,356	0	0	90,356	90,356
Interest and Fiscal Charges	871,000	1,054,462	0	0	871,000	1,054,462
Enterprise Funds	0	0	3,681,848	3,735,966	3,681,848	3,735,966
Total Expenses	43,573,114	44,468,865	3,681,848	3,735,966	47,254,962	48,204,831
Net Transfers	(7,500)	0	7,500	0	0	0
Increase (Decrease) in Net Position	2,584,622	6,347,323	26,991	(113,914)	2,611,613	6,233,409
Net Position at Beginning of Year	39,823,990	33,476,667	2,129,117	2,243,031	41,953,107	35,719,698
Net Position at End of Year	\$ 42,408,612	\$ 39,823,990	\$ 2,156,108	\$ 2,129,117	\$ 44,564,720	\$ 41,953,107

Wooster City School District
Wayne County, Ohio
Management's Discussion and Analysis
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(Unaudited)

Property tax revenue decreased \$3.7 million from fiscal year 2012 due to the timing of the property tax advance received in fiscal 2013 compared to fiscal 2012. Grant revenues for certain federal programs decreased from fiscal year 2012 accounting for the \$.3 million decrease in operating grants and the decrease in tax loss reimbursement contributed to the decrease in unrestricted grants of \$.7 million. Program expenses decreased \$.9 million mainly in the instruction area. Regular instruction showed a decrease of \$.9 million from fiscal year 2012 partially due to a decrease in long term compensated absences.

The business-type activities showed an increase of just under \$27,000 in net position over fiscal year 2012. Charges for services increased nearly \$.1 million over fiscal year 2012 while federal and state subsidies decreased approximately \$39,000. Expenses decreased slightly more than \$54,000 from fiscal year 2012.

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2013	2012	2013	2012
Instruction:				
Regular	\$ 17,895,955	\$ 18,821,787	\$ 16,940,525	\$ 17,621,542
Special	5,059,465	4,866,007	3,353,093	3,340,072
Vocational	469,588	411,365	469,588	411,365
Student Intervention Services	26,716	75,527	5,535	1,754
Other	2,603,668	2,487,990	2,603,668	2,487,990
Support Services:				
Pupils	1,997,500	2,143,392	1,973,985	2,008,692
Instructional Staff	2,121,988	2,114,120	1,659,838	1,697,996
Board of Education	177,106	114,881	177,106	114,881
Administration	2,757,385	2,902,550	2,757,385	2,901,875
Fiscal	893,539	933,305	860,252	893,738
Business	168,057	307,665	168,057	307,665
Operation and Maintenance of Plant	4,268,094	4,602,569	4,265,271	4,553,954
Pupil Transportation	2,089,921	1,736,634	2,088,537	1,699,023
Central	682,057	549,611	665,857	533,411
Operation of Non-Instructional Services	749,859	631,421	369,005	236,547
Extracurricular Activities	650,860	625,223	238,785	218,674
Depreciation Expense Not Included in Other Functions	90,356	90,356	90,356	90,356
Interest and Fiscal Charges	871,000	1,054,462	867,026	1,049,142
<i>Total Expenses</i>	\$ 43,573,114	\$ 44,468,865	\$ 39,553,869	\$ 40,168,677

Wooster City School District
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(Unaudited)

The dependence upon general revenues for governmental activities is apparent. Over 97 percent of governmental activities are supported through taxes and other general revenues; such revenues are 91 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

State and Federal grant money helps offset expenses for certain programs. Revenues in some of the federal grants were less than in fiscal year 2012 which contributed to the increase in net cost of special instruction.

Business-Type Activities

Business-type activities include the recreation center, the food service operations, sale of uniform school supplies, education costs for outside entities and before and after school child care. There were program revenues of \$3.7 million and expenses of \$3.7 million for fiscal year 2013. Business activities receive no support from tax revenues.

Financial Analysis of the Government's Funds

Governmental Funds

Information about the School District's major funds starts on page 20. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$45.9 million and expenditures and other financing uses of \$45.5 million for fiscal year 2013. The net change in fund balances for the fiscal year was an increase of \$.4 million for all governmental funds with the most significant increase in the general fund.

The general fund's net change in fund balance for fiscal year 2013 was an increase of \$.9 million. A \$4.1 million decrease in tax revenue was due to the timing of the advance received from the County at the end of fiscal 2012. A decrease in tax loss reimbursement accounts for the \$.6 million decrease in intergovernmental revenues, both contributing to the \$4.7 decrease in revenues from fiscal year 2012. Expenditures in fiscal year 2013 decreased \$.2 million with the largest difference being a decrease in operation and maintenance expenditures which were partially offset with an e-rate credit in fiscal year 2013.

The fund balance of the debt service fund decreased by \$.3 million from fiscal year 2012 mainly due to the decrease in tax revenue from the timing of the advance received from the County.

General Fund Budgeting Highlights

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

During the course of fiscal year 2013, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

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For the general fund, actual budget basis revenue was lower than the final budget basis revenue by \$1.6 million. Most of this difference was the timing impact of tax revenue due to the \$1.5 million tax advance received in fiscal year 2012. Original estimated revenues of \$41.1 million were \$.7 lower than final estimates of \$41.8 million.

Final budgeted expenditures of \$41.2 million were \$.7 million higher than the actual expenditures of \$40.5 million. Regular instruction accounts for \$.3 million of the change as cost savings were recognized throughout the year. Original budgeted expenditures of \$41.0 million were \$.2 million lower than final budgeted expenditures partially due to capital outlay originally estimated lower.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the School District had \$34.8 million invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and an ice arena. A total of \$33.1 million of this was for governmental activities with the remainder attributable to business-type activities. Table 4 shows fiscal year 2013 balances compared with 2012.

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,638,115	\$ 2,676,543	\$ 0	\$ 0	\$ 2,638,115	\$ 2,676,543
Land Improvements	150,908	220,376	0	0	150,908	220,376
Buildings and Improvements	25,743,603	26,849,250	1,588,837	1,639,545	27,332,440	28,488,795
Furniture and Equipment	336,618	329,017	18,864	8,823	355,482	337,840
Vehicles	845,950	905,150	0	0	845,950	905,150
Ice Arena	3,433,537	3,523,893	0	0	3,433,537	3,523,893
Totals	\$ 33,148,731	\$ 34,504,229	\$ 1,607,701	\$ 1,648,368	\$ 34,756,432	\$ 36,152,597

The decrease of \$1.4 million in total capital assets was attributable to depreciation exceeding acquisitions. Additional details of the capital assets can be found in Note 8 to the basic financial statements.

Debt

At June 30, 2013 the School District had \$14.6 million in bonds and related charges outstanding and \$1.1 million in notes payable with \$2.7 million due within one year. During fiscal year 2013, \$2.6 million of general obligation bonds and \$.2 million of the energy conservation note was retired. Table 5 summarizes bonds outstanding.

Wooster City School District
Wayne County, Ohio
Management's Discussion and Analysis
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(Unaudited)

Table 5
Outstanding Debt and Related Charges at Year End

	Governmental Activities	
	2013	2012
<i>Note Payable:</i>		
2009 Energy Conservation Notes	\$ 1,122,000	\$ 1,289,000
<i>General Obligation Bonds:</i>		
2004 Bond Refunding	1,505,002	1,505,002
Capital Appreciation Bonds	0	112,233
Accretion on Capital Appreciation Bonds	0	107,680
1997 Bond Refunding	430,000	430,000
Capital Appreciation Bonds	631,705	1,317,599
Accretion on Capital Appreciation Bonds	1,628,418	3,024,213
2007 Bond Refunding	7,800,000	7,800,000
Capital Appreciation Bonds	1,955,000	1,955,000
Accretion on Capital Appreciation Bonds	513,716	414,355
Premium on Debt Issuance	109,375	131,249
Loss on Refunding	(44,342)	(53,210)
Totals	\$ 15,650,874	\$ 18,033,121

In 1997, the School District issued \$25 million in refunded general obligation bonds. These include current interest bonds which mature December 2017, and capital appreciation bonds which mature December 2013 and December 2014.

In 2004, the School District issued \$3 million in refunded general obligation bonds. These include current interest bonds which mature in December 2018. The capital appreciation bonds matured in December 2012.

In September 2007, the School District issued \$9.8 million in refunding bonds. These include current interest bonds which mature in December 2016 and capital appreciation bonds which mature in December 2017. The proceeds were used to refund a portion of the 1997 general obligation bonds.

In 2009, the School District issued \$1.8 million in energy conservation notes which mature in December 2018.

More information about the long-term obligations is in Note 13 to the basic financial statements.

Wooster City School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Current Issues

The Wooster City School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last levy request for general operating dollars was approved by the taxpayers in 2010.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills, and the owner would still pay \$35.00.

Thus, School District's dependency upon property taxes is hampered by a lack of revenue growth and requires regular return to the voters to maintain a constant level of service. Property taxes made up 56% of revenues for governmental activities for the Wooster City Schools in fiscal year 2013.

The School District has been affected by changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. During the summer of 2005, the Ohio legislature approved Ohio House Bill 66, which includes the phased-out elimination of the tangible personal property tax. This affects taxes on all business tangible property and public utility property (telephone companies and railroads) – roughly 20% of the School District's general fund revenues. While this discontinued revenue continues to be partially reimbursed by the State of Ohio through fiscal year 2015, there is much uncertainty regarding future commitment of the state legislature to continue these payments to schools. Should this funding source be permanently discontinued, the loss of the remaining revenue would create a funding gap of approximately \$5.5 million to the School District's General Fund.

In an effort to manage recent state revenue losses without requiring additional revenue from the local community, the district has made numerous rounds of budget reductions equivalent to the value of those funding losses. Such reductions included a building reconfiguration process in fiscal year 2012 which closed 2 elementary buildings and resulted in greater utilization of capacity at Edgewood Middle School and the Wooster High School.

July 1, 2013 marked the effective date of the new biennial budget for the State of Ohio. With respect to Education, this new budget maintains the personal tangible reimbursement to eligible schools during the next two years. In addition, the state budget now provides for a newly created school funding formula which promises to increase state funding to Wooster City Schools in fiscal year 2014 and in fiscal year 2015.

Given these developments Wooster City Schools does not anticipate an immediate need to seek new operating levy dollars.

Wooster City School District
Wayne County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer/CFO of Wooster City School District, 144 N. Market Street, Wooster, Ohio, 44691.

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Wooster City School District
Wayne County, Ohio
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 29,781,329	\$ 353,798	\$ 30,135,127
Receivables:			
Taxes	28,305,525	0	28,305,525
Accounts	4,594	0	4,594
Internal Balances	325,000	(325,000)	0
Interest	58,768	0	58,768
Intergovernmental	988,091	1,118,875	2,106,966
Materials and Supplies	0	35,303	35,303
Bond Issuance Costs	65,032	0	65,032
Nondepreciable Capital Assets	2,638,115	0	2,638,115
Depreciable Capital Assets (Net)	30,510,616	1,607,701	32,118,317
<i>Total Assets</i>	<u>92,677,070</u>	<u>2,790,677</u>	<u>95,467,747</u>
Liabilities			
Accounts Payable	211,515	19,972	231,487
Contracts Payable	176,340	0	176,340
Accrued Wages and Benefits	3,061,398	229,812	3,291,210
Matured Compensated Absences	135,234	0	135,234
Intergovernmental Payable	1,433,069	75,862	1,508,931
Deferred Revenue	25,467,916	0	25,467,916
Accrued Interest Payable	34,020	0	34,020
Long Term Liabilities:			
Due Within One Year	3,371,771	46,115	3,417,886
Due in More Than One Year	16,377,195	262,808	16,640,003
<i>Total Liabilities</i>	<u>50,268,458</u>	<u>634,569</u>	<u>50,903,027</u>
Net Position			
Net Investment in Capital Assets	20,827,023	1,607,701	22,434,724
Restricted for:			
Capital Projects	1,037,186	0	1,037,186
Debt Service	1,966,719	0	1,966,719
Other Purposes	1,933,316	0	1,933,316
Unrestricted	16,644,368	548,407	17,192,775
<i>Total Net Position</i>	<u>\$ 42,408,612</u>	<u>\$ 2,156,108</u>	<u>\$ 44,564,720</u>

See accompanying notes to the basic financial statements.

Wooster City School District
Wayne County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2013

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions
Governmental Activities			
Instruction:			
Regular	\$ 17,895,955	\$ 779,593	\$ 175,837
Special	5,059,465	0	1,706,372
Vocational	469,588	0	0
Student Intervention Services	26,716	0	21,181
Other	2,603,668	0	0
Support Services:			
Pupils	1,997,500	0	23,515
Instructional Staff	2,121,988	625	461,525
Board of Education	177,106	0	0
Administration	2,757,385	0	0
Fiscal	893,539	0	33,287
Business	168,057	0	0
Operation and Maintenance of Plant	4,268,094	0	2,823
Pupil Transportation	2,089,921	0	1,384
Central	682,057	0	16,200
Operation of Non-Instructional Services	749,859	0	380,854
Extracurricular Activities	650,860	411,109	966
Depreciation Expense not Included in Other Functions (See Note 8)	90,356	0	0
Interest and Fiscal Charges	871,000	0	3,974
<i>Total Governmental Activities</i>	<u>43,573,114</u>	<u>1,191,327</u>	<u>2,827,918</u>
Business-Type Activities			
Food Service	1,582,977	507,490	1,116,579
Uniform School Supplies	286	0	45
Recreation Center	210,312	172,155	180
Education Costs for Outside Entities	1,859,122	1,701,704	177,505
Wooster General's Club	29,151	0	0
<i>Total Business-Type Activities</i>	<u>3,681,848</u>	<u>2,381,349</u>	<u>1,294,309</u>
<i>Totals</i>	<u>\$ 47,254,962</u>	<u>\$ 3,572,676</u>	<u>\$ 4,122,227</u>

General Revenues

Property Taxes Levied for:
General Purposes
Debt Service
Capital Outlay
Grants and Entitlements not Restricted
to Specific Programs
Investment Earnings
Miscellaneous

Total General Revenues

Net Transfers

Change in Net Position

Net Position Beginning of Year

Net Position End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (16,940,525)	\$ 0	\$ (16,940,525)
(3,353,093)	0	(3,353,093)
(469,588)	0	(469,588)
(5,535)	0	(5,535)
(2,603,668)	0	(2,603,668)
(1,973,985)	0	(1,973,985)
(1,659,838)	0	(1,659,838)
(177,106)	0	(177,106)
(2,757,385)	0	(2,757,385)
(860,252)	0	(860,252)
(168,057)	0	(168,057)
(4,265,271)	0	(4,265,271)
(2,088,537)	0	(2,088,537)
(665,857)	0	(665,857)
(369,005)	0	(369,005)
(238,785)	0	(238,785)
(90,356)	0	(90,356)
(867,026)	0	(867,026)
(39,553,869)	0	(39,553,869)
0	41,092	41,092
0	(241)	(241)
0	(37,977)	(37,977)
0	20,087	20,087
0	(29,151)	(29,151)
0	(6,190)	(6,190)
(39,553,869)	(6,190)	(39,560,059)
23,080,037	0	23,080,037
2,423,303	0	2,423,303
419,737	0	419,737
16,099,687	0	16,099,687
109,800	0	109,800
13,427	25,681	39,108
42,145,991	25,681	42,171,672
(7,500)	7,500	0
2,584,622	26,991	2,611,613
39,823,990	2,129,117	41,953,107
\$ 42,408,612	\$ 2,156,108	\$ 44,564,720

See accompanying notes to the basic financial statements.

Wooster City School District
Wayne County, Ohio
Balance Sheet
Governmental Funds
June 30, 2013

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 25,595,368	\$ 1,699,412	\$ 1,490,372	\$ 28,785,152
Receivables:				
Intergovernmental	161,194	0	826,897	988,091
Property Taxes	25,198,732	2,646,929	459,864	28,305,525
Accounts	4,594	0	0	4,594
Interfund	387,000	0	0	387,000
Interest	58,768	0	0	58,768
<i>Total Assets</i>	<u>\$ 51,405,656</u>	<u>\$ 4,346,341</u>	<u>\$ 2,777,133</u>	<u>\$ 58,529,130</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	135,320	\$ 0	\$ 76,195	\$ 211,515
Contracts Payable	155,610	0	20,730	176,340
Accrued Wages and Benefits	2,941,013	0	120,385	3,061,398
Intergovernmental Payable	1,215,209	0	217,860	1,433,069
Matured Compensated Absences	135,234	0	0	135,234
Interfund Payable	0	0	54,500	54,500
Deferred Revenue	23,412,028	2,453,816	1,131,039	26,996,883
<i>Total Liabilities</i>	27,994,414	2,453,816	1,620,709	32,068,939
Fund Balances				
Restricted	0	1,892,525	1,374,026	3,266,551
Committed	303,240	0	0	303,240
Assigned	948,066	0	0	948,066
Unassigned	22,159,936	0	(217,602)	21,942,334
<i>Total Fund Balances</i>	<u>23,411,242</u>	<u>1,892,525</u>	<u>1,156,424</u>	<u>26,460,191</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 51,405,656</u>	<u>\$ 4,346,341</u>	<u>\$ 2,777,133</u>	<u>\$ 58,529,130</u>

See accompanying notes to the basic financial statements.

Wooster City School District
Wayne County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position Governmental Activities
June 30, 2013

Total Governmental Fund Balances		\$	26,460,191
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.			33,148,731
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.			
Grants	\$	704,618	
Excess Costs		36,739	
Delinquent Property Taxes		787,610	1,528,967
Bond issuance costs reported as an expenditure in the funds are allocated as an expense over the life of the debt on an accrual basis.			65,032
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 in the statement of net position.			988,677
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.			
General Obligation Bonds		9,735,002	
Notes Payable		1,122,000	
Capital Appreciation Bonds		2,586,705	
Accretion of Interest - Capital Appreciation Bonds		2,142,134	
Bond Premiums		109,375	
Loss on Refunding		(44,342)	
Compensated Absences		4,098,092	
Accrued Interest		34,020	(19,782,986)
Net Position of Governmental Activities			\$ 42,408,612

See accompanying notes to the basic financial statements.

Wooster City School District
Wayne County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2013

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Local Taxes	\$ 23,000,420	\$ 2,415,628	\$ 418,265	\$ 25,834,313
Intergovernmental	15,561,865	450,331	2,518,606	18,530,802
Investment Income	110,035	3,974	4,051	118,060
Tuition and Fees	808,492	0	0	808,492
Extracurricular Activities	151,338	0	157,837	309,175
Rentals	71,219	0	0	71,219
Gifts and Donations	0	0	86,124	86,124
Miscellaneous	13,235	0	382	13,617
<i>Total Revenues</i>	39,716,604	2,869,933	3,185,265	45,771,802
Expenditures:				
Current:				
Instruction:				
Regular	17,197,064	0	169,115	17,366,179
Special	3,516,452	0	1,716,473	5,232,925
Vocational	479,996	0	0	479,996
Student Intervention Services	5,509	0	21,207	26,716
Other	2,603,668	0	0	2,603,668
Support Services:				
Pupils	2,021,667	0	27,199	2,048,866
Instructional Staff	1,819,007	0	337,482	2,156,489
Board of Education	177,106	0	0	177,106
Administration	2,834,107	0	0	2,834,107
Fiscal	850,675	0	44,757	895,432
Business	203,263	0	0	203,263
Operation and Maintenance of Plant	3,778,000	0	170,863	3,948,863
Pupil Transportation	1,816,776	0	82,114	1,898,890
Central	589,597	0	89,370	678,967
Operation of Non-Instructional Services	279,874	0	471,716	751,590
Extracurricular Activities	468,950	0	129,650	598,600
Capital Outlay	155,610	0	233,850	389,460
Debt Service:				
Principal Retirement	0	965,127	0	965,127
Interest and Fiscal Charges	0	2,275,543	0	2,275,543
<i>Total Expenditures</i>	38,797,321	3,240,670	3,493,796	45,531,787
<i>Excess of Revenues Over (Under) Expenditures</i>	919,283	(370,737)	(308,531)	240,015
Other Financing Sources (Uses):				
Proceeds From Sale of Capital Assets	5,518	0	150,100	155,618
Transfers Out	(7,500)	0	0	(7,500)
<i>Total Financing Sources and (Uses)</i>	(1,982)	0	150,100	148,118
<i>Net Change in Fund Balance</i>	917,301	(370,737)	(158,431)	388,133
<i>Fund Balance (Deficit) at Beginning of Year</i>	22,493,941	2,263,262	1,314,855	26,072,058
<i>Fund Balance (Deficit) at End of Year</i>	\$ 23,411,242	\$ 1,892,525	\$ 1,156,424	\$ 26,460,191

See accompanying notes to the basic financial statements.

Wooster City School District
Wayne County, Ohio
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds	\$	388,133
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 245,985	
Current Year Depreciation	<u>(1,272,742)</u>	(1,026,757)
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.		
		(328,741)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	302,423	
Charges for Services	2,247	
Intergovernmental	<u>88,764</u>	393,434
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Energy Conservation Note Principal	167,000	
Capital Appreciation Bond Principal	798,127	
Accreted Interest on Matured Capital Appreciation Bonds	<u>1,786,873</u>	2,752,000
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and bond issuance costs and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	429	
Amortization of Issuance Costs	(13,006)	
Amortization of Premium on Bonds	21,874	
Amortization of Refunding Loss	<u>(8,868)</u>	429
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		158,813
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		630,070
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds.		
		<u>(382,759)</u>
Change in Net Position of Governmental Activities	\$	<u><u>2,584,622</u></u>

See accompanying notes to the basic financial statements.

Wooster City School District
Wayne County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property and Other Local Taxes	\$ 24,850,000	\$ 25,104,839	\$ 23,511,214	\$ (1,593,625)
Intergovernmental	15,232,230	15,530,230	15,593,375	63,145
Investment Income	80,000	80,000	83,945	3,945
Tuition and Fees	708,000	808,000	809,977	1,977
Extracurricular Activities	200,500	244,000	122,486	(121,514)
Rentals	70,000	70,000	72,219	2,219
Miscellaneous	6,180	6,735	13,026	6,291
<i>Total Revenues</i>	<u>41,146,910</u>	<u>41,843,804</u>	<u>40,206,242</u>	<u>(1,637,562)</u>
Expenditures:				
Current				
Instruction:				
Regular	18,619,544	18,284,819	17,970,329	314,490
Special	3,540,390	3,618,929	3,574,681	44,248
Vocational	491,096	491,098	483,544	7,554
Student Intervention Services	2,027	5,645	5,506	139
Other	2,434,500	2,730,137	2,729,803	334
Support Services:				
Pupils	2,080,823	2,099,251	2,072,099	27,152
Instructional Staff	1,888,458	1,852,321	1,840,027	12,294
Board of Education	131,113	178,738	175,354	3,384
Administration	2,881,032	2,892,612	2,881,827	10,785
Fiscal	947,856	901,049	854,744	46,305
Business	311,324	244,721	229,246	15,475
Operation and Maintenance of Plant	4,381,056	4,110,823	3,942,002	168,821
Pupil Transportation	1,931,733	1,999,620	1,997,405	2,215
Central	628,482	596,332	592,544	3,788
Operation of Non-Instructional Services	259,008	259,127	256,539	2,588
Extracurricular	482,469	475,689	470,824	4,865
Capital Outlay	0	458,850	458,850	0
<i>Total Expenditures</i>	<u>41,010,911</u>	<u>41,199,761</u>	<u>40,535,324</u>	<u>664,437</u>
Excess of Revenues Over (Under) Expenditures	135,999	644,043	(329,082)	(973,125)
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	0	0	5,518	5,518
Advances In	320,495	320,495	320,495	0
Advances Out	(124,500)	(387,000)	(387,000)	0
Transfers Out	0	(7,500)	(7,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>195,995</u>	<u>(74,005)</u>	<u>(68,487)</u>	<u>5,518</u>
<i>Net Change in Fund Balance</i>	331,994	570,038	(397,569)	(967,607)
<i>Fund Balance (Deficit) at Beginning of Year</i>	23,426,062	23,426,062	23,426,062	0
Prior Year Encumbrances Appropriated	1,016,075	1,016,075	1,016,075	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 24,774,131</u>	<u>\$ 25,012,175</u>	<u>\$ 24,044,568</u>	<u>\$ (967,607)</u>

See accompanying notes to the basic financial statements.

Wooster City School District
Wayne County, Ohio
Statement of Fund Net Position
Proprietary Funds
June 30, 2013

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 353,798	\$ 996,177
Receivables:		
Accounts	0	295,296
Intergovernmental	1,118,875	0
Inventory Held For Resale	35,303	0
<i>Total Current Assets</i>	1,507,976	1,291,473
Non Current Assets:		
Depreciable Capital Assets (Net)	1,607,701	0
<i>Total Assets</i>	3,115,677	1,291,473
Liabilities		
Current Liabilities:		
Accounts Payable	19,972	0
Accrued Wages and Benefits	229,812	0
Interfund Payable	325,000	7,500
Intergovernmental Payable	75,862	0
Unearned Revenue	0	295,296
Compensated Absences Payable	46,115	0
<i>Total Current Liabilities</i>	696,761	302,796
Long Term Liabilities:		
Compensated Absences, Net of Current Portion	262,808	0
<i>Total Liabilities</i>	959,569	302,796
Net Position		
Net Investment in Capital Assets	1,607,701	0
Restricted	0	988,677
Unrestricted	548,407	0
<i>Total Net Position</i>	\$ 2,156,108	\$ 988,677

See accompanying notes to the basic financial statements.

Wooster City School District
Wayne County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Operating Revenues:		
Tuition	\$ 1,873,859	\$ 0
Sales	507,490	0
Charges for Services	0	6,671,595
Other Operating Revenues	25,681	0
<i>Total Operating Revenues</i>	<u>2,407,030</u>	<u>6,671,595</u>
Operating Expenses:		
Salaries	1,684,103	0
Fringe Benefits	593,282	0
Purchased Services	1,209,352	6,079,518
Materials and Supplies	142,610	0
Claims	0	437,309
Depreciation	52,501	0
<i>Total Operating Expenses</i>	<u>3,681,848</u>	<u>6,516,827</u>
Operating Income (Loss)	<u>(1,274,818)</u>	<u>154,768</u>
Non-Operating Revenues (Expenses):		
Federal Donated Commodities	85,402	0
Grants	1,208,302	0
Interest	605	4,045
<i>Total Non-Operating Revenues (Expenses)</i>	<u>1,294,309</u>	<u>4,045</u>
<i>Income (Loss) Before Operating Transfers</i>	19,491	158,813
Transfers In	7,500	0
<i>Change in Net Position</i>	26,991	158,813
<i>Net Position (Deficit) Beginning of Year</i>	<u>2,129,117</u>	<u>829,864</u>
<i>Net Position (Deficit) End of Year</i>	<u>\$ 2,156,108</u>	<u>\$ 988,677</u>

See accompanying notes to the basic financial statements.

Wooster City School District
Wayne County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 2,380,297	\$ 6,671,595
Other Cash Receipts	25,681	0
Cash Paid for Goods and Services	(1,306,313)	(6,079,518)
Cash Paid to Employees	(2,421,233)	0
Cash Paid for Claims	0	(793,081)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(1,321,568)</u>	<u>(201,004)</u>
Cash Flows From Non-Capital Financing Activities:		
Transfers from Other Funds	7,500	0
Advances to Other Funds	(165,000)	(128,500)
Advances from Other Funds	325,000	7,500
Grants	1,208,302	0
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	<u>1,375,802</u>	<u>(121,000)</u>
Cash Flows From Investing Activities:		
Interest on Investments	605	4,045
Cash Flows From Capital and Related Financing Activities:		
Payment for Capital Acquisitions	(11,834)	0
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	43,005	(317,959)
<i>Cash and Cash Equivalents at Beginning of Year</i>	310,793	1,314,136
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 353,798</u>	<u>\$ 996,177</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:		
Operating Income (Loss)	\$ (1,274,818)	\$ 154,768
Adjustments:		
Depreciation	52,501	0
Federal Donated Commodities	85,402	0
(Increase) Decrease Assets		
Accounts Receivable	0	2,424
Intergovernmental Receivable	(1,052)	0
Inventory	(1,840)	0
Increase (Decrease) in Liabilities		
Accounts Payable	(18,959)	0
Accrued Wages and Benefits	(6,497)	0
Matured Compensated Absences Payable	(89,030)	0
Compensated Absences Payable	(48,321)	0
Intergovernmental Payable	(18,954)	0
Unearned Revenue	0	(2,424)
Claims Payable	0	(355,772)
<i>Total Adjustments</i>	<u>(46,750)</u>	<u>(355,772)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (1,321,568)</u>	<u>\$ (201,004)</u>

Noncash items: The food service fund received \$85,402 in Federally donated commodities.

See accompanying notes to the basic financial statements.

Wooster City School District
Wayne County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 882	\$ 145,165
Liabilities		
Due to Students	0	\$ 145,165
Net Position		
Held in Trust for Scholarships	\$ 882	

See accompanying notes to the basic financial statements.

Wooster City School District
Wayne County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013

	Private Purpose Trust	
	Scholarship	
Additions		
Donations	\$	1,585
Deductions		
Payments in Accordance with Trust Agreements		1,424
<i>Change in Net Position</i>		161
<i>Net Position Beginning of Year</i>		721
<i>Net Position End of Year</i>	\$	882

See accompanying notes to the basic financial statements.

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Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 1 - Description of the School District

The Wooster City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. The Board controls the School District's ten instructional/support facilities.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Wooster City School District, this includes general operations, special needs school (Boys Village), and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

The School District participates in two public entity risk pools and one jointly governed organization. These organizations include the Ohio School Comp Workers' Compensation Group Rating Program (GRP), the Stark County Schools Council of Governments Health Benefit Plan and the Tri-County Computer Services Association (TCCSA). These organizations are presented in Notes 9 and 16 to the basic financial statements.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from accompanying financial statements. All are legally separate. None are fiscally dependent on the School District. The School District is not financially accountable for any of these entities:

City of Wooster

The Wayne County Public Library

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles

The following are the most significant of the School District's accounting policies.

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid “doubling up” of revenues and expenses.

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the four business-type activities of the School 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 charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the 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.

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 School District's major governmental funds:

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Debt Service Fund The debt service fund is used to account for the accumulation of property tax revenues for, and the payment of, principal and interest obligations relative to the School District's general obligation bonds.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following is the School District's proprietary fund types:

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District reports enterprise operations for food service, uniform school supplies and community programs.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee health insurance benefits.

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

C. Measurement Focus

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

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities.

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. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Deferred/Unearned Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Unearned revenue is reported in the internal service fund for insurance premiums receivable.

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

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. Cash and Cash Equivalents

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

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2013. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2013. Certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$110,035, which includes \$936 assigned from other School District funds.

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

F. Inventory

Within the basic financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of the general fund were not significant at year end. Inventories of the food service enterprise fund consist of donated and purchased food.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets may include amounts required to be set aside by the School District for the acquisition or construction of capital assets. See Note 18 for additional information regarding restricted assets.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land	N/A	N/A
Land Improvements	5 Years	N/A
Buildings and Improvements	10 - 40 Years	10 - 40 Years
Furniture and Equipment	5 - 20 Years	20 Years
Vehicles	13 Years	N/A
Textbooks	5 Years	N/A
Ice Arena	50 Years	N/A

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

J. Compensated Absences

GASB Statement No. 16 specifies that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met.

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The School District has accrued a liability for these compensated absences using the termination method when the following criterion is met.

1. The benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

The sick leave liability has been based on the School District's past experience of making termination payments for sick leave.

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the basic financial statements within the fund the employee will be paid from. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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 proprietary funds are reported on the proprietary fund financial statements.

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 fiscal year. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

L. Deferred Charges and Bond Premiums

In governmental fund types, bond premiums and issuance costs are recognized in the current period. On the statement of net position, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which is not significantly different than the bonds outstanding method, or the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

M. Net position

Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2013, there was no net position restricted by enabling legislation.

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

N. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually 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 placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

Wooster City School District
Wayne County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School 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 School District for specific purposes but do not meet the criteria to be classified as restricted or 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 School District Board of Education. The Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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 used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are 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.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service, uniform school supplies, costs for outside entities and recreation center fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as nonoperating.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during the current fiscal year.

Q. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds.

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 financial statements.

R. Extraordinary and Special Items

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

S. Estimates

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

T. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. The treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the budgetary statements reflect the final appropriations passed by the Board during the year.

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

U. Changes in Accounting Principles

For the fiscal year ended June 30, 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements," GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34," GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements," and GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the School District.

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the School District.

GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the School District.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

Note 3 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Debt Service	Other Governmental Funds	Total
Restricted for:				
Debt Service	\$ 0	\$ 1,892,525	\$ 0	\$ 1,892,525
Capital Outlay	0	0	1,024,337	1,024,337
Extracurricular	0	0	251,091	251,091
Non-Public Schools	0	0	30,881	30,881
Other Purposes	0	0	67,717	67,717
Total Restricted	<u>0</u>	<u>1,892,525</u>	<u>1,374,026</u>	<u>3,266,551</u>
Committed to:				
Contracts	303,240		0	303,240
Assigned for:				
Public School Support	69,203	0	0	69,203
Encumbrances:				
Instruction	668,080	0	0	668,080
Support Services	209,466	0	0	209,466
Operation of Non-Instructional	363	0	0	363
Extracurricular	954	0	0	954
Total Assigned	<u>948,066</u>	<u>0</u>	<u>0</u>	<u>948,066</u>
Unassigned	<u>22,159,936</u>	<u>0</u>	<u>(217,602) *</u>	<u>21,942,334</u>
Total Fund Balance (Deficit)	<u>\$ 23,411,242</u>	<u>\$ 1,892,525</u>	<u>\$ 1,156,424</u>	<u>\$ 26,460,191</u>

* Unassigned fund balance included the following individual fund deficits:

	Deficit	
	* Governmental Activities Fund Balance	Business-Type Activities Net Position
NonMajor Funds:		
Public Preschool	\$ 714	\$ 0
Title VI-B	200,332	0
Title I	15,901	0
Improving Teacher Quality	655	0
Food Service	0	145,640
Wooster General's Club	0	555
	<u>217,602</u>	<u>146,195</u>

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The deficits in these nonmajor governmental funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

Note 4 - Budgetary Basis of Accounting

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

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$ 917,301
Net Adjustment for Revenue Accruals	517,279
Advances In	320,495
Net Adjustment for Expenditure Accruals	(286,037)
Advances Out	(387,000)
Funds Budgeted Elsewhere **	1,057
Adjustment for Encumbrances	<u>(1,480,664)</u>
 Budget Basis	 <u>\$ (397,569)</u>

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** As part of Governmental Accounting Standards Board No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund.

Note 5 - Deposits and Investments

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

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

Inactive deposits are public deposits 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 five years from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies to 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 in division (1) or (2) of this section and repurchase agreements secured by such obligations,

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provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAROhio and Star Plus);
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.

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

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Deposits: The carrying value of the School District's deposits totaled \$18,919,689 and the bank balances of the deposits totaled \$19,095,070. All of the bank balance was covered by depository insurance.

Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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Investments: Investments are reported at fair value. As of June 30, 2013, the School District had the following investments:

Standard & Poor's Rating	Issue	Fair Value	Investment Maturity less than 1 year	Percentage of Total Investments
N/A *	Repurchase Agreement	\$ 11,361,449	\$ 11,361,449	100.00%
AAAm	STAROhio	36	36	0.00%
		<u>\$ 11,361,485</u>	<u>\$ 11,361,485</u>	<u>100.00%</u>

* Underlying Securities are Exempt

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District’s policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

STAROhio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2013, is 58 days and carries a rating of AAAM by Standard and Poor’s.

Credit Risk: The School District’s investments credit ratings are summarized above. The School District’s investments in the federal agency securities that underlie the School District’s repurchase agreement were rated Aaa by Moody’s Investor Services.

Concentration of Credit Risk –The School District places no limit on the amount the School District may invest in any one issuer. See percentages of investments above.

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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.

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Public utility property tax revenue received in calendar 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Wayne County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

The amount available as an advance at June 30, 2013 was \$1,823,443 in the general fund, \$193,114 in the bond retirement debt service fund, and \$33,443 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2012 was \$2,334,237 in the general fund, \$250,057 in the bond retirement debt service fund, and \$42,768 in the permanent improvement capital projects fund.

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

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

	2012 Second Half Collection		2013 First Half Collection	
	Amount	Percent	Amount	Percent
Real Estate	\$ 593,706,150	96.93%	\$ 595,754,560	96.71%
Public Utility Personal Property	18,814,710	3.07%	20,237,510	3.29%
Total	\$ 612,520,860	100.00%	\$ 615,992,070	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$ 78.70		\$ 79.50	

Note 7 - Receivables

Receivables at June 30, 2013, consisted of taxes, accounts (student fees), interfund, interest and intergovernmental grants. 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 fiscal year guarantee of federal funds.

Intergovernmental receivable in governmental funds consisted of a \$161,194 receivable in general fund and the following in other governmental and enterprise funds.

	Other Governmental Funds	Enterprise Funds
State and Federal Grants	\$ 825,190	\$ 0
Tuition Costs	0	1,105,456
SERS Overpayment	1,707	13,419
Total	826,897	1,118,875

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Note 8 - Capital Assets

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

	Balance 6/30/2012	Additions	Reductions	Balance 6/30/2013
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 2,676,543	\$ 0	\$ (38,428)	\$ 2,638,115
<i>Capital Assets, being depreciated:</i>				
Land Improvements	3,346,905	26,312	(215,477)	3,157,740
Buildings and Improvements	51,188,107	37,540	(615,254)	50,610,393
Furniture and Equipment	1,361,819	80,301	(6,734)	1,435,386
Vehicles	2,371,005	101,832	(88,547)	2,384,290
Textbooks	158,895	0	0	158,895
Ice Arena	(1) 4,517,809	0	0	4,517,809
Total Capital Assets, being depreciated	62,944,540	245,985	(926,012)	62,264,513
Less Accumulated Depreciation:				
Land Improvements	(3,126,529)	(92,468)	212,165	(3,006,832)
Buildings and Improvements	(24,338,857)	(865,161)	337,228	(24,866,790)
Furniture and Equipment	(1,032,802)	(67,650)	1,684	(1,098,768)
Vehicles	(1,465,855)	(157,107)	84,622	(1,538,340)
Textbooks	(158,895)	0	0	(158,895)
Ice Arena	(1) (993,916)	(90,356)	0	(1,084,272)
Total Accumulated Depreciation	(31,116,854)	(1,272,742)	635,699	(31,753,897)
Total Capital Assets being depreciated, net	31,827,686	(1,026,757)	(290,313)	30,510,616
Governmental Activities Capital Assets, Net	\$ 34,504,229	\$ (1,026,757)	\$ (328,741)	\$ 33,148,731
Business-Type Activities				
<i>Capital Assets, being depreciated:</i>				
Buildings	\$ 2,535,383	\$ 0	\$ 0	\$ 2,535,383
Furniture and Equipment	362,739	11,834	0	374,573
Total Capital Assets, being depreciated	2,898,122	11,834	0	2,909,956
Less Accumulated Depreciation:				
Buildings	(895,838)	(50,708)	0	(946,546)
Furniture and Equipment	(353,916)	(1,793)	0	(355,709)
Total Accumulated Depreciation	(1,249,754)	(52,501)	0	(1,302,255)
Total Capital Assets being depreciated, net	1,648,368	(40,667)	0	1,607,701
Business-Type Activities Capital Assets, Net	\$ 1,648,368	\$ (40,667)	\$ 0	\$ 1,607,701

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Depreciation expense was charged to governmental functions as follows:

<i>Governmental Activities:</i>	
Instruction:	
Regular	\$ 798,845
Support Services:	
Instructional Staff	745
Administration	8,646
Operation and Maintenance of Plant	172,470
Pupil Transportation	154,506
Central	2,061
Extracurricular Activities	45,113
Depreciation Expense Not Included in in Other Functions	(1) <u>90,356</u>
Total Governmental Activities	<u>\$ 1,272,742</u>
 <i>Business-Type Activities:</i>	
Food Service	\$ 1,596
Community Recreation	50,708
Costs for Outside Entities	<u>197</u>
Total Business-Type Activities	<u>\$ 52,501</u>

(1) The ice arena was donated to the School District and is operated by the Donald and Alice Noble Foundation, Inc. The School District does not collect any fees or pay any expenses to operate the facility.

Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District insures its buildings and their contents through insurance having a \$1,000 deductible and providing replacement cost for such items. An inventory of all loose equipment is conducted annually.

Appropriate liability insurance is maintained in the amount of \$4,000,000 for each occurrence and \$6,000,000 aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Bond is maintained on all employees handling or responsible for money in the amount of \$25,000. A bond of \$50,000 is maintained on the Treasurer. Bonds are also provided for the School Board President and Superintendent in the amount of \$10,000 each.

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By state statute, Bond is provided by all contractors in amounts sufficient to cover the entire bid amount awarded to the contractor.

B. Workers' Compensation

As of June 30, 2013, the School District participates in the Ohio School Comp Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. This represents a merger of individual pooling programs for the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO). Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to 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. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Health Insurance

The School District was self-insured for its medical insurance, dental insurance, and prescription drug program through December 31, 2012. Premiums were paid into the self-insurance fund by all other funds and were available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2013, a total expense of \$3,591,693 was incurred in benefits and administrative costs.

Changes in the fund's claims liability amount in 2012 and 2013 were:

		<u>Balance</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2012	\$	581,208	5,580,151	5,805,587	\$ 355,772
2013	\$	355,772	437,309	793,081	\$ 0

On January 1, 2013, the School District became a member of the Stark County Schools Council of Governments Health Benefit Plan (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The School District accounts for the premiums paid as expenditures in the general or applicable fund. The

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premiums are collected one month in advance and are deposited into the self-insurance fund until remitted to the Council.

Note 10 – Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and state laws. Classified employees earn up to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees as earned. Accumulated, unused vacation time is paid to classified employees upon termination or retirement. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month.

For employees with 10 to 30 years of service, a percentage of unused sick time is paid upon retirement at 50% of the maximum number of days accumulated not to exceed 275 days for certificated staff and classified staff.

For employees with more than 30 years of service, a percentage of unused sick time is paid upon retirement at the lesser of 65 days or 25% of the maximum number of days accumulated not to exceed 275 days for certificated staff and classified staff.

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and .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 statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District’s required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$895,707, \$827,179 and \$729,235, respectively; 76 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011.

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B. State Teachers Retirement System

Plan Description - The School 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 publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the 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 employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$2,449,576, \$2,578,876 and \$2,638,718, respectively; 84 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$55,754 made by the School District and \$86,575 made by the plan members.

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C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System 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 plan 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 Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 (the latest information available) was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. 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 SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, .16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a

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For the Fiscal Year Ended June 30, 2013

health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012, and 2011 were \$102,687, \$123,870, and \$88,299, respectively; 76 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$47,345, \$48,849, and \$46,928, respectively; 76 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

B. State Teachers Retirement System

Plan Description - The School 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 financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$185,496, \$192,691, and \$195,870, respectively; 84 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 13 - Long - Term Obligations

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 6/30/12	Additions	Reductions	Outstanding 6/30/13	Amounts Due in One Year
Governmental Activities:					
<i>Note Payable:</i>					
Energy Conservation Note					
Interest Rate 3.32% through 2018	\$ 1,289,000	\$ 0	\$ 167,000	\$ 1,122,000	\$ 172,000
<i>General Obligation Bonds Payable:</i>					
1997 Bond Refunding					
3.8% - 4.6% through 2017	430,000	0	0	430,000	0
Capital Appreciation Bonds	1,317,599	0	685,894	631,705	631,705
Accretion on CABs	3,024,213	273,311	1,669,106	1,628,418	1,628,418
2004 Bond Refunding					
2.5% - 4.1% through 2018	1,505,002	0	0	1,505,002	230,000
Capital Appreciation Bonds	112,233	0	112,233	0	0
Accretion on CABs	107,680	10,087	117,767	0	0
2007 Bond Refunding					
4.00%-4.15% through 2016	7,800,000	0	0	7,800,000	0
Capital Appreciation Bonds	1,955,000	0	0	1,955,000	0
Accretion on CABs	414,355	99,361	0	513,716	0
Premium on Debt Issuance	131,249	0	21,874	109,375	0
Refunding Loss	(53,210)	0	8,868	(44,342)	0
Total	18,033,121	382,759	2,782,742	15,650,874	2,662,123
Compensated Absences	4,728,162	459,828	1,089,898	4,098,092	709,648
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 22,761,283</u>	<u>\$ 842,587</u>	<u>\$3,872,640</u>	<u>\$19,748,966</u>	<u>\$3,371,771</u>
Business-Type Activities					
Compensated Absences	<u>\$ 357,244</u>	<u>\$ 50,239</u>	<u>\$ 98,560</u>	<u>\$ 308,923</u>	<u>\$ 46,115</u>

In 1997, the School District issued \$24,994,832 in refunded general obligation bonds. These include current interest bonds which mature December 2017, and capital appreciation bonds which mature December 2013 and December 2014.

In 2004, the School District issued \$3,010,000 in refunded general obligation bonds. These include current interest bonds which mature in December 2018, and capital appreciation bonds which matured in December 2012. The associated costs of the refunding were insignificant and will not be amortized.

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

On September 27, 2007, the School District issued \$9,755,000 in refunded general obligation bonds. These include current interest bonds which mature in December 2016, and capital appreciation bonds with mature in December 2017. The proceeds of the bonds were used to refund \$9,852,550 of the School District's outstanding Capital Improvement Bonds. The bonds were issued for an 11 year period with final maturity at December 1, 2017. At the date of the refunding, \$9,995,619 (including premium and after underwriting fees) was deposited in the debt service fund for the payment on the refunded bonds to the bond escrow agent. As of June 30, 2012 \$9,755,000 of these bonds are considered defeased.

These refunding bonds were issued with a premium of \$240,619, which is reported as an increase to bonds payable. The amounts are being amortized to interest expenses over the life of the bonds using the straight-line method. There was \$21,874 in amortization recorded for June 30, 2013. The issuance costs of \$143,069 have been reported as prepaid expenses and are being amortized to interest expense over the life of the loan. There was \$13,006 in amortization recorded for June 30, 2013. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$97,550.

In 2009, the School District issued \$1,757,800 in energy conservation notes payable for renovation of school facilities to conserve energy. The notes mature in December 2018.

General obligation bonds and notes payable will be paid from the debt service fund. Compensated absences will be paid from the general fund and the food service and costs for outside entities enterprise funds.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest/ Accretion
2013	\$ 230,000	\$ 387,860	\$ 631,705	\$ 1,723,295	\$ 861,705	\$ 2,111,155
2014	2,865,000	324,318	0	0	2,865,000	324,318
2015	3,000,000	205,170	0	0	3,000,000	205,170
2016	3,110,000	83,474	0	0	3,110,000	83,474
2017	260,000	16,201	0	0	260,000	16,201
2018 - 2019	270,002	5,468	1,955,000	1,015,000	2,225,002	1,020,468
Totals	<u>\$ 9,735,002</u>	<u>\$ 1,022,491</u>	<u>\$ 2,586,705</u>	<u>\$ 2,738,295</u>	<u>\$ 12,321,707</u>	<u>\$ 3,760,786</u>

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Principal and interest requirements to retire notes payable at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Energy Conservation Notes	
	Principal	Interest
2013	\$ 172,000	\$ 33,546
2014	178,000	27,880
2015	184,000	22,019
2016	190,000	15,964
2017	196,000	9,714
2018 - 2019	202,000	3,270
Totals	\$ 1,122,000	\$ 112,393

Note 14 - Interfund Transfers

Transfers for the year ended June 30, 2013 consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 0	\$ 7,500
Nonmajor Enterprise Funds	7,500	0
	\$ 7,500	\$ 7,500

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

General fund made transfers to the Wooster general's club fund to cover operating costs.

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Note 15 - Interfund Balances

Interfund balances at June 30, 2013 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 387,000	\$ 0
Nonmajor Governmental Funds	0	54,500
Nonmajor Enterprise Funds	0	325,000
Internal Service Fund	0	7,500
	\$ 387,000	\$ 387,000

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2013, all interfund payables outstanding are anticipated to be repaid by fiscal year 2014.

Note 16 - Jointly Governed Organization

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 21 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based on per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Tri-County Education Services Center, which serves as fiscal agent, located at 741 Winkler Drive, Wooster, Ohio, 44691. During the fiscal year ended June 30, 2013 the School District paid \$124,706 for basic service charges.

Note 17 – Contingencies and Significant Commitments

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

C. Contractual Commitment

At June 30, 2013, the School District had a contractual commitment as follows:

Fund	Contractual Commitment	Expended	Balance 6/30/2013
Paving Project	\$ 458,850	\$ 155,610	\$ 303,240

The paving expenditures have been recorded as repair and maintenance.

D. Encumbrance Commitments

The School 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 School District's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General Fund	\$ 1,182,103
Other Governmental Funds	72,808
Total	\$ 1,254,911

Note 18 - Set-Asides

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

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

Wooster City School District
Wayne County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

	<u>Capital Improvement Reserve</u>
Set Aside Restricted Balance June 30, 2012	\$ 0
Current Year Set-Aside Requirement	635,737
Current Year Qualifying Expenditures	<u>(1,371,071)</u>
Total	<u>\$ (735,334)</u>
Balance Carried Forward to Fiscal Year 2014	<u>\$ 0</u>
Set Aside Restricted Balance June 30, 2013	<u>\$ 0</u>

Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero, this amount may not be used to reduce the set aside requirement for future years. The negative balance is, therefore, not presented as being carried forward to future years.

WOOSTER CITY SCHOOL DISTRICT
Schedule of Federal Awards Expenditures
For The Fiscal Year Ended June 30, 2013

Federal Grantor/Pass Through Grantor Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Expenditures
<u>U. S. DEPARTMENT OF EDUCATION</u>				
<i>(Passed Through Ohio Department Of Education):</i>				
Title I Delinquent	84.010	CI-SD-13	\$ 74,376	\$ 73,910
Title I Delinquent	84.010	CI-SD-12	3,817	4,851
Title I Regular	84.010	CI-SR-13	807,965	798,701
Title I Regular	84.010	CI-SR-12	84,252	112,113
Total Title I			970,410	989,575
Part B-IDEA Special Education	84.027	6B-SF-13	719,982	714,881
Part B-IDEA Special Education	84.027	6B-SF-12	94,597	105,361
Total IDEA-B			814,579	820,242
Title II-D Technology	84.318	TJ-SI-13	1,760	1,760
Title II-D Technology	84.318	TJ-SI-12	2,706	4,206
Total Title II-D			4,466	5,966
Title II-A	84.367	TR-SI-13	126,834	139,669
Title II-A	84.367	TR-SI-12	4,715	15,353
Total Title II-A			131,549	155,022
Resident Educator Program	84.395	2013	3,850	3,850
TOTAL U. S. DEPARTMENT OF EDUCATION			1,924,854	1,974,655
<u>U. S. DEPARTMENT OF AGRICULTURE</u>				
<i>(Passed Through Ohio Department Of Education):</i>				
<u>Child Nutrition Cluster:</u>				
Cash Assistance				
School Breakfast Program	10.553	05PU-12/13	201,372	201,372
National School Lunch Program	10.555	LLP4-12/13	772,347	772,347
Summer Food Service for Children	10.559	24PU-13	36,363	36,363
Non-Cash Assistance				
National School Lunch Program - see Note 2	10.555	na	85,402	85,402
Total Nutrition Cluster			1,095,484	1,095,484
School Nutrition Mini Grant	10.574	na	1,121	-
TOTAL U. S. DEPARTMENT OF AGRICULTURE			1,096,605	1,095,484
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>(Passed Through Wayne County Department of Jobs and Family Services):</i>				
TANF Title XX -At Risk Youth	93.558	FY13	91,756	87,617
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			91,756	87,617
TOTAL FEDERAL RECEIPTS AND EXPENDITURES			\$ 3,113,215	\$ 3,157,756

See Notes to the Schedule of Federal Award Expenditures

WOOSTER CITY SCHOOL DISTRICT
Wayne County, Ohio
Notes to the Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2013

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

2. Food Distribution

Nonmonetary assistance is reported in the schedule at the entitlement value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2013, the District had food commodities in inventory.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Wooster City School District
Wayne County
144 North Market Street
Wooster, Ohio 44691

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 25, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
November 25, 2013

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Charles E. Harris & Associates, Inc.
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Wooster City School District
Wayne County
144 North Market Street
Wooster, Ohio 44691

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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

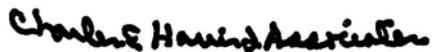
Report on Internal Control Over Compliance

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

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

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

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



Charles E. Harris & Associates, Inc.
November 25, 2013

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY
June 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Special Education - IDEA-B - CFDA #84.027
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY
JUNE 30, 2013**

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending June 30, 2012, reported no material citations or recommendations.

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Independent Accountants' Report on Applying Agreed-Upon Procedures

Wooster City School District
Wayne County
144 North Market Street
Wooster, Ohio 44691

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

1. We noted the Board amended its anti-harassment policy at its meeting on December 18, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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.

Charles Harris Associates

Charles E. Harris & Associates, Inc.
November 25, 2013



Dave Yost • Auditor of State

WOOSTER CITY SCHOOL DISTRICT

WAYNE 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 14, 2014**