



Dave Yost • Auditor of State

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Waynesfield-Goshen Local School District
Auglaize County
500 North Westminster Street
Waynesfield, Ohio 45896

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waynesfield-Goshen Local School District, Auglaize County, Ohio (the School District), as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Waynesfield-Goshen Local School District, Auglaize County, Ohio, as of June 30, 2012, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund thereof for the fiscal year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2013, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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



Dave Yost
Auditor of State

January 11, 2013

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

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

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

- General revenues accounted for \$5,796,807, or 85 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$1,060,055, or 16 percent of total revenues of \$6,856,862.
- Total program disbursements during 2012 were \$6,552,025 of which 16 percent were covered by program receipts.
- In total, net assets increased \$304,837.
- The School District's major fund includes the General Fund, Bond Retirement Fund and the Permanent Improvement Fund.
- The General Fund had \$5,457,742 in receipts and \$5,426,962 in disbursements and other financing uses. General Fund's balance increased \$30,780 from the prior fiscal year.
- The Bond Retirement Fund had \$417,604 in receipts and \$337,973 in disbursements. The Bond Retirement Fund's balance increased \$79,631 from the prior fiscal year. The revenue generated from the Bond Retirement Fund is used to pay for the current portion of bonded debt.
- The Permanent Improvement Fund had \$196,105 in receipts and \$60,944 in disbursements. The Permanent Improvement Fund's balance increased \$135,161 from the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the School District as a financial whole, or as an entire operating entity.

The statement of net assets and the statement of activities, both reported on the cash basis, 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 a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other non-major funds presented in total in a single column. For the School District, the General Fund is the most significant fund. The General Fund, the Bond Retirement Fund, and the Permanent Improvement Fund are the District's major funds.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets and the statement of activities, both reported on the cash basis, reflects how the School District did financially during fiscal year 2012. These statements are reported on the cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes 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 restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets, cash basis, and the statement of activities, cash basis, the School District discloses a single type of activity - governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

The District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2012 compared to fiscal year 2011. The increase in the School District's current assets was attributed to an increase in income tax and property tax revenue and a decrease in instruction disbursements.

**Table 1
Net Assets – Cash Basis
Governmental Activities**

	<u>2012</u>	<u>2011</u>
Assets:		
Current and Other Assets	\$3,777,998	\$3,473,161
Total Assets	<u>3,777,998</u>	<u>3,473,161</u>
Net Assets:		
Restricted	1,513,623	1,256,693
Unrestricted	2,264,375	2,216,468
Total	<u>\$3,777,998</u>	<u>\$3,473,161</u>

Table 2 reflects the changes in net assets for fiscal year 2012.

**Table 2
Changes in Net Assets
Governmental Activities**

	<u>2012</u>	<u>2011</u>
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$ 568,848	\$492,574
Operating Grants, Contributions and Interest	491,207	1,017,870
Total Program Revenues	<u>1,060,055</u>	<u>1,510,444</u>
General Revenues:		
Property Taxes	1,464,750	1,361,525
Income Taxes	568,506	519,427
Grants and Entitlements	3,718,328	3,439,909
Interest	2,384	7,074
Gifts and Donations	2,500	20,750
Miscellaneous	40,339	49,691
Refund of Prior Year Expenditures		1,400
Total General Revenues	<u>5,796,807</u>	<u>5,399,776</u>
Total Revenues	6,856,862	6,910,220
Expenses:		
Instruction	3,560,431	3,815,259

(Continued)

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

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

	2012	2011
Support Services:		
Pupils	243,982	230,646
Instructional Staff	292,877	307,869
Board of Education	14,557	14,642
Administration	535,491	586,889
Fiscal	209,286	197,092
Business	33,925	22,873
Operation and Maintenance of Plant	573,589	592,622
Pupil Transportation	258,785	275,768
Central	25,169	25,636
Non-Instructional	238,114	237,926
Extracurricular Activities	232,727	208,281
Capital Outlay	3,813	21,137
Principal	175,000	165,000
Interest and Fiscal Charges	154,279	162,690
Total Expenses	6,552,025	6,864,330
Increase/Decrease in Net Assets	\$ 304,837	\$ 45,890

Program receipts account for 16 percent of total receipts in fiscal year 2012 and are represented by tuition, restricted intergovernmental receipts, extracurricular activities, and food service sales.

For fiscal year 2012 the major program disbursements for governmental activities are for instruction, which accounts for 54 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 12 percent of governmental disbursements in fiscal year 2012. Maintenance of the School District's facilities also represents a significant disbursement of 9 percent. The remaining 25 percent of the School District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

Governmental Activities

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

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

**Table 3
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2012</u>	<u>2012</u>	<u>2011</u>	<u>2011</u>
Instruction	\$3,560,431	\$2,864,254	\$3,815,259	\$2,663,473
Support Services:				
Pupils	243,982	243,846	230,646	229,471
Instructional Staff	292,877	274,047	307,869	275,425
Board of Education	14,557	14,557	14,642	14,642
Administration	535,491	535,491	586,889	581,889
Fiscal	209,286	205,686	197,092	192,542
Business	33,925	33,925	22,873	22,873
Operation and Maintenance of Plant	573,589	573,589	592,622	592,622
Pupil Transportation	258,785	258,785	275,768	275,768
Central	25,169	25,169	25,636	25,636
Non-Instructional	238,114	(8,533)	237,926	4,445
Extracurricular Activities	232,727	138,062	208,281	126,273
Capital Outlay	3,813	3,813	21,137	21,137
Principal	175,000	175,000	165,000	165,000
Interest and Fiscal Charges	154,279	154,279	162,690	162,690
Total Expenses	<u>\$6,552,025</u>	<u>\$5,491,970</u>	<u>\$6,864,330</u>	<u>\$5,353,886</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 80 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 84 percent. The remaining 16 percent is derived from tuition and fees, specific grants, and contributions.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. The School District's major governmental funds are the General Fund, the Bond Retirement Fund, and the Permanent Improvement Fund. Total governmental funds had receipts, net of other financing sources, of \$6,856,862 and disbursements, net of other financing uses, of \$6,552,025. The net positive change of \$304,837 in fund balance for the year indicates that the School District was able to meet current costs.

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 2012, the School District amended its General Fund budget as needed.

Final estimated receipts were \$5,422,847, which were less than actual receipts of \$5,457,742. Final expenditures, net of other financing uses, were budgeted at \$5,606,986 while actual disbursements were \$5,610,981. The \$3,995 difference is primarily due to a conservative "worst case scenario" approach. The School District over-appropriates in case significant, unexpected disbursements arise during the fiscal year.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

Debt Administration

At June 30, 2012, the School District had \$3,495,000 in school improvement general obligation bonds for building improvements. The first bond issue was issued in 1989 and will mature December 1, 2012. The second bond issue was issued in 1995 and will mature December 1, 2018. The third bond issue was issued in 2006 and will mature in December 1, 2032. The bonds are being retired through the Bond Retirement Fund.

At June 30, 2012, the School District's overall legal debt margin was \$1,323,501, with an un-voted debt margin of \$53,539. The School District was approved as a special needs district by the Ohio Department of Education pursuant to the Ohio Revised Code Section 133.06(E) based on future tax valuation of \$60,454,877 and a total indebtedness (based on the project valuation) of approximately 7.1954%.

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

The School District is holding its own in the state of a declining economy and uncertainty in State funding. Waynesfield is a small rural community of 850 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a contributing influence on the economy.

The School District is currently operating in the first year of the state biennium budget. 39 percent of School District revenue sources were from local funds, 56 percent was in the form of state funds, and the remaining 5 percent was from federal funds. The total expenditure per pupil was calculated at \$9,859 for fiscal year 2012.

Over the past several years, the School District has remained in a good financial position. In November 2005, the district passed a \$3,750,000 bond issue for the district portion of construction of a new school building. The State will fund approximately \$15,000,000 toward this project through the Ohio School Facilities Commission. In May 2008, the School District renewed a one percent income tax levy. This levy provides operating funds for the district. However, future finances are not without challenges as our community changes and state funding is revised.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Doug Passet, Treasurer, Waynesfield-Goshen Local School District, 500 North Westminister Street, Waynesfield, Ohio 45896.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2012**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$3,777,998
Total Assets	<u>3,777,998</u>
Net Assets:	
Restricted for:	
Debt Service	586,886
Capital Outlay	552,283
Other Purposes	374,454
Unrestricted	<u>2,264,375</u>
Total Net Assets	<u><u>\$3,777,998</u></u>

See Accompanying Notes to the Basic Financial Statements.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements)</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Receipts and Changes in Net Assets</u>
				<u>Governmental Activities</u>
Governmental Activities:				
Instruction:				
Regular	\$2,353,173	\$334,591	\$174,401	(\$1,844,181)
Special	603,622		172,190	(431,432)
Vocational	189,291		14,995	(174,296)
Other	414,345			(414,345)
Support Services:				
Pupils	243,982		136	(243,846)
Instructional Staff	292,877		18,830	(274,047)
Board of Education	14,557			(14,557)
Administration	535,491			(535,491)
Fiscal	209,286		3,600	(205,686)
Business	33,925			(33,925)
Operation and Maintenance of Plant	573,589			(573,589)
Pupil Transportation	258,785			(258,785)
Central	25,169			(25,169)
Operation of Non-Instructional Services	238,114	139,592	107,055	8,533
Extracurricular Activities	232,727	94,665		(138,062)
Capital Outlay	3,813			(3,813)
Debt Service:				
Principal	175,000			(175,000)
Interest and Fiscal Charges	154,279			(154,279)
Totals	<u>\$6,552,025</u>	<u>\$568,848</u>	<u>\$491,207</u>	<u>(\$5,491,970)</u>

General Receipts:

Taxes:

Property Taxes, Levied for General Purposes	902,624
Property Taxes, Levied for Capital Outlay	168,358
Property Taxes, Levied for Debt Service	359,808
Property Taxes, Levied for School Facilities	33,960
Income Taxes	568,506
Grants and Entitlements not Restricted to Specific Programs	3,718,328
Gifts and Donations	2,500
Investment Earnings	2,384
Miscellaneous	40,339
Total General Revenues	<u>5,796,807</u>
Changes in Net Assets	304,837
Net Assets Beginning of Year	3,473,161
Net Assets End of Year	<u>\$3,777,998</u>

See accompanying notes to the basic financial statements.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2012**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Permanent Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Current Assets:					
Equity in Pooled Cash and Cash Equivalents	<u>\$2,264,375</u>	<u>\$586,886</u>	<u>\$504,067</u>	<u>\$422,670</u>	<u>\$3,777,998</u>
Total Assets	<u><u>2,264,375</u></u>	<u><u>586,886</u></u>	<u><u>504,067</u></u>	<u><u>422,670</u></u>	<u><u>3,777,998</u></u>
Fund Balances:					
Restricted		586,886	504,067	491,197	1,582,150
Assigned	205,783				205,783
Unassigned	<u>2,058,592</u>			<u>(68,527)</u>	<u>1,990,065</u>
Total Fund Balances	<u><u>2,264,375</u></u>	<u><u>586,886</u></u>	<u><u>504,067</u></u>	<u><u>422,670</u></u>	<u><u>3,777,998</u></u>
Total Liabilities and Fund Balances	<u><u>\$2,264,375</u></u>	<u><u>\$586,886</u></u>	<u><u>\$504,067</u></u>	<u><u>\$422,670</u></u>	<u><u>\$3,777,998</u></u>

See accompanying notes to the basic financial statements.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>Permanent Improvement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receipts:					
Property and Other Local Taxes	\$902,624	\$359,808	\$168,358	\$33,960	\$1,464,750
Income Tax	568,506				568,506
Intergovernmental	3,595,710	57,796	27,299	528,730	4,209,535
Interest	1,656		448	280	2,384
Tuition and Fees	334,591				334,591
Extracurricular Activities	17,408			77,257	94,665
Gifts and Donations	100			2,400	2,500
Sales/Charges for Services				139,592	139,592
Miscellaneous	37,147			3,192	40,339
Total Receipts	<u>5,457,742</u>	<u>417,604</u>	<u>196,105</u>	<u>785,411</u>	<u>6,856,862</u>
Disbursements:					
Current:					
Instruction:					
Regular	2,155,474			197,699	2,353,173
Special	431,801			171,821	603,622
Vocational	189,291				189,291
Other	414,345				414,345
Support Services:					
Pupils	243,846			136	243,982
Instructional Staff	235,425		19,475	37,977	292,877
Board of Education	14,557				14,557
Administration	533,691		1,800		535,491
Fiscal	192,106	8,694	4,043	4,443	209,286
Business	33,925				33,925
Operation and Maintenance of Plant	536,153		31,813	5,623	573,589
Pupil Transportation	258,785				258,785
Central	25,169				25,169
Operation of Non-Instructional Services	1,996			236,118	238,114
Extracurricular Activities	159,898			72,829	232,727
Capital Outlay			3,813		3,813
Debt Service:					
Principal		175,000			175,000
Interest		154,279			154,279
Total Expenditures	<u>5,426,462</u>	<u>337,973</u>	<u>60,944</u>	<u>726,646</u>	<u>6,552,025</u>
Excess of Receipts Over (Under) Disbursements	<u>31,280</u>	<u>79,631</u>	<u>135,161</u>	<u>58,765</u>	<u>304,837</u>
Other Financing Sources and Uses:					
Transfers In				500	500
Transfers Out	(500)				(500)
Total Other Financing Sources and Uses	<u>(500)</u>			<u>500</u>	
Net Change in Fund Balances	30,780	79,631	135,161	59,265	304,837
Fund Balance (Deficit) at Beginning of Year	2,233,595	507,255	368,906	363,405	3,473,161
Fund Balance (Deficit) at End of Year	<u>\$2,264,375</u>	<u>\$586,886</u>	<u>\$504,067</u>	<u>\$422,670</u>	<u>\$3,777,998</u>

See accompanying notes to the basic financial statements.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Receipts:				
Property and Other Local Taxes	\$804,942	\$902,624	\$902,624	
Income Tax	519,427	568,506	568,506	
Intergovernmental	3,686,892	3,596,225	3,595,710	(\$515)
Interest	5,737	2,941	1,656	(1,285)
Tuition and Fees	277,908	300,952	334,591	33,639
Extracurricular Activities	8,416	14,340	17,408	3,068
Gifts and Donations		100	100	
Miscellaneous	45,304	37,159	37,147	(12)
Total Receipts	<u>5,348,626</u>	<u>5,422,847</u>	<u>5,457,742</u>	<u>34,895</u>
Disbursements:				
Current:				
Instruction:				
Regular	2,194,575	2,197,417	2,201,412	(3,995)
Special	589,856	481,432	481,432	
Vocational	178,081	192,350	192,350	
Other	309,374	414,345	414,345	
Support Services:				
Pupils	216,322	243,978	243,978	
Instructional Staff	249,911	259,624	259,624	
Board of Education	14,466	14,998	14,998	
Administration	535,230	537,394	537,394	
Fiscal	175,131	196,676	196,676	
Business	25,821	53,081	53,081	
Operation and Maintenance of Plant	386,435	540,170	540,170	
Pupil Transportation	224,122	278,408	278,408	
Central	35,088	34,244	34,244	
Operation of Non-Instructional Services:	224	1,996	1,996	
Extracurricular Activities	130,782	160,373	160,373	
Total Disbursements	<u>5,265,418</u>	<u>5,606,486</u>	<u>5,610,481</u>	<u>(3,995)</u>
Excess of Receipts Over (Under) Disbursements	<u>83,208</u>	<u>(183,639)</u>	<u>(152,739)</u>	<u>30,900</u>
Other Financing Sources and Uses:				
Transfers In				
Transfers Out	(19,350)	(500)	(500)	
Total Other Financing Sources and Uses	<u>(19,350)</u>	<u>(500)</u>	<u>(500)</u>	
Net Change in Fund Balances	63,858	(184,139)	(153,239)	30,900
Fund Balance (Deficit) at Beginning of Year	2,069,890	2,069,890	2,069,890	
Prior Year Encumbrances Appropriated	163,705	163,705	163,705	
Fund Balance (Deficit) at End of Year	<u>\$2,297,453</u>	<u>\$2,049,456</u>	<u>\$2,080,356</u>	<u>\$30,900</u>

See accompanying notes to the basic financial statements.

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

STATEMENT OF CASH BASIS FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2012

	<u>Agency Fund</u>
Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$27,102</u>
Total Assets	<u>27,102</u>
Liabilities:	
Current Liabilities:	
Undistributed Monies	<u>27,102</u>
Total Liabilities	<u>\$27,102</u>

See accompanying notes to the basic financial statements.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established during 1958 through the consolidation of existing land areas and school districts. The School District serves an area of approximately ninety-four square miles. It is located in Allen, Auglaize, and Logan Counties, and includes all of the Village of Waynesfield, and Wayne and Goshen Townships, and parts of Union and Clay Townships.

During fiscal year 2012, the School District was staffed by 32 non-certified employees and 48 certified teaching personnel who provided services to 596 students and other community members.

A. Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with five jointly governed organizations and three public entity risk pools. These organizations are the Western Ohio Computer Organization (WOCO), Ohio Hi-Point Joint Vocational School, Auglaize County Local Professional Development Committee, West Central Regional Professional Development Center, the Southwestern Ohio Educational Purchasing Council, Mercer Auglaize Employee Benefit Trust, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 12 and 13 to the basic financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A and 2.B, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Accounting

Although Ohio Administrative Code Section 117-2-03 (B) requires the School District's financial report to follow generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the modified cash basis of accounting. The School District recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary expenditures result from encumbrances outstanding at the beginning and end of the fiscal year.

B. Basis of Presentation

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

1. Government-Wide Financial Statements

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

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

2. Fund Financial Statements

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

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

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

1. Governmental Funds:

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The General Fund, the Bond Retirement Fund, and the Permanent Improvement Fund are the School District's major governmental funds during 2012.

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

Bond Retirement Fund – The Bond Retirement Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

Permanent Improvement Fund - The Permanent Improvement fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

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

2. Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various student-managed activities. The School District does not have any Trust funds.

D. Budgetary Process

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

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

1. Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations.

2. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

E. Cash and Investments

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

During fiscal year 2012, the School District's investments consisted of nonnegotiable certificates of deposit.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2012 amounted to \$1,656 and \$406 assigned from other District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

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

H. Compensated Absences

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

I. Long-term Obligations

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

J. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for food service operations, music and athletic programs, and federal and state grants restricted to expenditure for specific purposes.

L. Interfund Activity

Transfers within governmental activities are eliminated on the government-wide financial statements. 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. Loans between funds are reported as advances. The School District did not have advance activity during the fiscal year.

M. Fund Balance

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

Non-spendable - The non-spendable classification 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" includes items that are not expected to be converted to cash.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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 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 the Board of Education.

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 first applies restricted resources when an expenditure is 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 can be used.

3. COMPLIANCE AND ACCOUNTABILITY

A. Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District has prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

B. Accountability

At June 30, 2012, the Ed Jobs (\$16,950), Special Education Grants to States (\$28,085) Education Technology (\$442), Title 1 (\$12,971), and Improving Teacher Quality State Grants (\$10,079) special revenue funds had a deficit balances resulting from disbursements in excess or receipts. The General Fund provides transfers or advances to cover deficit balances; however, this is done when cash is needed.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

4. DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

4. DEPOSITS AND INVESTMENTS (Continued)

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. Payments for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits

At fiscal year-end 2012, the carrying amount of the School District's deposits was \$3,805,100. Based in the criteria described in GASB Statement 40,"Deposits and Investments Risk Disclosure," as of June 30, 2012, \$236,453 of the School District's bank balance of \$3,985,865 was exposed to custodial risk as discussed below, while \$3,722,412 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

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

B. Investments

As of June 30, 2012, the School District didn't have any investments:

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy and State Statute require that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk - The School District has no investment policy for credit risk.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the 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 has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

4. DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one issuer, however School District policy and State statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time.

5. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes for 2012 were levied after April 1, 2011, on the assessed values as of January 1, 2011, the lien date.

Public utility property taxes attached as a lien on December 31 of the prior fiscal year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and interexchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Auglaize, Allen and Logan Counties. The County Auditors 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, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2011 Second- Half Collections		2012 First- Half Collections	
	Amount	Percent	Amount	Percent
Commercial/Industrial	\$1,707,830	4%	\$2,213,510	4%
Residential/Agricultural	42,923,620	94%	50,345,240	94%
Public Utilities	1,039,740	2%	980,150	2%
Total Assessed Value	<u>\$45,671,190</u>	<u>100%</u>	<u>\$53,538,900</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$46.18		\$46.18	

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

6. INCOME TAX

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1997, renewed to be effective January 1, 2007 and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

7. RISK MANAGEMENT

A. Property and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the School District contracted for the following insurance coverages. Property and fleet coverages provided by Southwestern Ohio Educational Council Liability, Fleet and Property Program are as follows:

	<u>Maximum Deductible</u>	<u>Coverage</u>
Building and Contents - replacement cost (Includes boiler and machinery)	\$1,000/\$3,500	\$26,616,957
Commercial Auto/Business Auto	1,000	1,000,000
Musical Instruments	1,000	
Audio Visual Equipment/Radios	1,000	
Computers	1,000	
Miscellaneous Scheduled Property	1,000	

Coverages provided through the Southwestern Ohio Educational Council Liability, Fleet and Property Program are as follows:

	<u>Maximum Deductible</u>	<u>Coverage</u>
General Liability		
Per Occurrence	n/a	\$1,000,000
Total per Year	n/a	3,000,000

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

B. Insurance Risk Pool

The School District participates in the Mercer Auglaize Employee Benefit Trust (the Trust), a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The School District pays monthly premiums to the Trust for employee medical and dental insurance coverage. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

7. RISK MANAGEMENT (Continued)

C. Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA.

The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating districts pay an enrollment fee to the Program to cover the costs of administering the program.

The intent of the Program 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 Program. 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 Program.

Each participant pays its workers' compensation premium to the State based on the rate for the Program 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 Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

The "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Program. Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the Program.

8. DEFINED PENSION BENEFIT PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained on SERS' website at www.ohsers.org under Employer/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 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended up to a statutory maximum amount by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the system. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.7 percent. The remaining 1.3 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

8. DEFINED PENSION BENEFIT PLANS (Continued)

The School District's contributions to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$116,608, \$88,295, and \$97,742, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

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 system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, 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 offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds 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 CP offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2012, 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 State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority of member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2012, 2011, and 2010 were \$318,950, \$323,417, and \$323,245, respectively; 85 percent has been contributed for fiscal year 2012 and 100 percent has been contributed for fiscal years 2011 and 2010. Contributions to the DCP and CP for fiscal year 2012 were \$115 made by the School District and \$82 made by plan members.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

8. DEFINED PENSION BENEFIT PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2012, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

9. POSTEMPLOYMENT BENEFITS

A. School Employee 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 and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by 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.

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 401h. For 2012, 0.55 percent of covered payroll was allocated to health care.

In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2011, this amount was \$13,800 and the surcharge amount paid by the School District was \$16,859.

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

The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$5,050, \$23,549, and \$16,376; 100 percent has been contributed for fiscal year 2012, 2011, and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.76 percent of covered payroll.

The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$6,886, \$5,682, and \$5,813, respectively; 100 percent has been contributed for fiscal year 2012, 2011 and 2010.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

9. POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$22,782, \$24,878, and \$24,865, respectively; 85 percent has been contributed for fiscal year 2012 and 100 percent has been contributed for fiscal years 2011 and 2010.

10. LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2012 were as follows:

	Balance at July 1, 2011	Additions	Deductions	Balance at June 30, 2012	Due Within One Year
1995 School Improvement Bonds 5.85 – 8.25%	\$135,000		\$15,000	\$120,000	\$15,000
1989 School Improvement Bonds 7.125%	100,000		50,000	50,000	50,000
2006 OSFC Project Bonds 3.50 – 4.30%	3,435,000		110,000	3,325,000	115,000
Total Long-Term Obligations	<u>\$3,670,000</u>		<u>\$175,000</u>	<u>\$3,495,000</u>	<u>\$180,000</u>

1995 School Improvement Bonds - On March 1, 1995, the School District issued \$260,000 in voted general obligation bonds for a building addition. The bonds were issued for a twenty-four year period, with final maturity in fiscal year 2019. The bonds are being retired through the Bond Retirement Debt Service Fund.

1989 School Improvement Bonds - On September 1, 1989, the District issued \$1,033,000 in voted general obligation bonds for classroom additions. The bonds were issued for a twenty-three year period, with final maturity in fiscal year 2013. The bonds are being retired through the Bond Retirement Debt Service Fund.

2006 School Facilities Loan – On April 13, 2006, the District issued \$3,750,000 in voted general obligation bonds for classroom additions. The bonds were issued for a twenty-seven year period, with final maturity in fiscal year 2033. The bonds consisted of \$890,000 of serial coupon bonds, \$2,820,000 in term bonds, and \$40,000 in capital appreciation bonds. The bonds are being retired through the Bond Retirement Debt Service Fund.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

10. LONG-TERM OBLIGATIONS (Continued)

A portion of the Current Interest Term Bonds maturing December 1, 2017, 2019, 2021, 2023, 2025, and 2027, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the year prior to the years documented below and in the respective principal amounts as follows:

Year	Amount Subject to Mandatory Sinking Fund Redemption	Principal Amount Maturing at their stated Maturity
2017	\$125,000	\$135,000
2019	140,000	145,000
2021	150,000	155,000
2023	160,000	170,000
2025	175,000	190,000
2027	190,000	200,000

The Current Interest Term Bonds maturing on December 1, 2031 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 as follows:

Year	Principal Amount to be Redeemed
2028	\$210,000
2029	215,000
2030	225,000

The balance of the principal of the 2031 Term Bonds, \$235,000, shall be payable at their stated maturity on December 1, 2031.

The Current Interest Term Bonds maturing on or after December 1, 2016 are subject to prior redemption on or after December 1, 2015 by and at the sole option of the Board, either in whole or in part (as selected by the Board) on any date and in integral multiples of \$5,000, at par plus accrued interest at redemption date.

When partial redemption is authorized, the Current Interest Bonds or portions thereof will be selected by lot within a maturity in such manner as the Board Register may determine, provided; however, that the portion of any such bond so selected will be in the amount of \$5,000 or any integral multiple thereof.

If the optional redemption of Current Interest Bonds at a redemption exceeding 100 percent is to take place on any date on which mandatory redemption of such bonds on the same maturity will take place, such bonds to be redeemed by optional redemption are to be selected by the Bond Register prior to selection of such bonds to be redeemed at par on the same date.

The Capital Appreciation Serial Bonds will mature in fiscal years 2014 through 2015. The maturity amounts of these bonds each year are \$22,005 and \$17,994, for a total maturity of \$39,999.

Principal and interest requirements to retire general long-term obligations at June 30, 2012, were as follows:

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

10. LONG-TERM OBLIGATIONS (Continued)

Year Ending June 30	Principal	Interest	Total
2013	\$ 180,000	\$ 145,435	\$ 325,435
2014	135,000	138,028	273,028
2015	37,005	237,689	274,694
2016	32,994	240,762	273,756
2017	145,000	130,158	275,158
2018 - 2022	765,000	554,255	1,319,255
2023 - 2027	885,000	385,991	1,270,991
2028 – 2032	1,085,000	173,590	1,258,590
2033	230,000	5,060	235,060
Total	<u>\$3,494,999</u>	<u>\$2,010,968</u>	<u>\$5,505,967</u>

11. SET-ASIDE CALCULATIONS AND FUND RESERVES

The District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. A similar provision related to the purchase of textbooks and other instructional materials was repealed effective July 1, 2011.

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

	<u>Capital Acquisition</u>
Set-aside Cash Balance as of June 30, 2011	
Current Year Set-aside Requirement	\$100,217
Current Year Offsets	(100,217)
Cash Balance Carried Forward to FY 2013	
Total Restricted Assets	<u>\$ 0</u>

12. JOINTLY GOVERNED ORGANIZATIONS

A. Western Ohio Computer Organization

The School District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, and Shelby Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Organization is governed by a board of directors consisting of 14 members: the Superintendent of the Fiscal Agent, two Superintendents from each county that is represented, one treasurer representative, a student services representative, and non-voting independent district representative.

The degree of control exercised by any participating member is limited to its representation on the board. Financial information can be obtained from the Treasurer, Shelby County Educational Service Center (fiscal agent to the Western Ohio Computer Organization,) 129 E. Court St., Sidney, Ohio 45365.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

12. JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Ohio Hi-Point Joint Vocational School

The Ohio Hi-Point Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio that provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the eleven participating school districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Joint Vocational School, Eric Adelsberger, who serves as Treasurer, 2280 State Route 540, Bellefontaine, Ohio 43311.

C. Auglaize County Local Professional Development Committee

The Auglaize County Local Professional Development Committee (LPDC) was established to plan, promote, and facilitate effective and efficient professional educator license renewal standards and staff development activities. The LPDC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its members. The degree of control exercised by any participating school district is limited to its representation on the governing board. Financial information can be obtained from the Auglaize County Educational Service Center, who serves as fiscal agent, 1045 Dearbaugh Street, Wapakoneta, Ohio 45895.

D. West Central Regional Professional Development Center

The West Central Regional Professional Development Center (the Center) is a jointly governed organization among the school districts in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties.

The organization was formed to establish an articulated regional structure for professional development in which school districts, the business community, higher education, and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a fifty-two member board made up representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Greg Spiess, Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

E. Southwestern Ohio Educational Purchasing Council (SOEPC)

The Southwestern Ohio Educational Purchasing Cooperative (SOEPC) was established in 1986 among educational entities located in southwestern Ohio to purchase instructional and operational supplies and materials.

The SOEPC is organized under Ohio law as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. The SOEPC is governed by an elected Board consisting of ten representatives of the educational entities and the superintendent from the Montgomery County Educational Service Center. The Board, except for the superintendent from the Montgomery County Educational Service Center, is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

13. GROUP PURCHASING POOLS

A. Mercer Auglaize Employee Benefit Trust

The Mercer Auglaize Employee Benefit Trust (the Trust) is a public entity shared risk pool consisting of eleven local school districts and two educational service centers. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision benefits to the employees of the participants.

Each participant's superintendent is appointed to an Administrative Committee, which advises the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from JM Consulting, 3547 Beechway Boulevard, Toledo, Ohio 43614.

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

The School District participates in a group-rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

C. Ohio School Plan

The District participates in the Ohio School Plan (the Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members, which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen-member board consisting of superintendents, Treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc.

The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative, which establishes agreements between the Plan and its members. Financial information can be obtained from Hylant Administrative Services, LLC, 811 Madison Avenue, Toledo, Ohio 43624.

14. CONTINGENCIES

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

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

14. CONTINGENCIES (Continued)

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

15. FUND BALANCE

Fund balance is classified as non-spendable, 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. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

<u>Fund Balance</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
Restricted for:					
Regular Instruction				\$ 25,074	\$ 25,074
Athletics				15,013	15,013
Food Service Operations				67,484	67,484
Facilities Maintenance				335,410	335,410
Debt Retirement		\$586,886			586,886
Permanent Improvement			\$504,067		504,067
Building Construction				48,216	48,216
Total Restricted		586,886	504,067	491,197	1,582,150
Assigned for:					
Educational Activities	\$ 33,384				33,384
Unpaid Obligations (encumbrances)	172,399				172,399
Total Assigned	205,783				205,783
Unassigned	2,058,592			(68,527)	1,990,065
Total Fund Balance	\$2,264,375	\$586,886	\$504,067	\$422,670	\$3,777,998

16. BUDGETARY BASIS OF ACCOUNTING

The statement of receipts, disbursements and changes in fund balance – budget and actual (budget basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and the cash basis is:

- a. In order to determine compliance with Ohio Law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement.

The adjustment necessary to convert the results of operations for the year on the budget basis to the cash basis for the General Fund is as follows:

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

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

16. BUDGETARY BASIS OF ACCOUNTING (Continued)

<u>Net Change in Fund Balance</u>	
	General Fund
Cash Basis	\$ 30,780
Adjustments for encumbrances	(184,019)
Budget Basis	<u>(\$153,239)</u>

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
<i>(Passed through the Ohio Department of Education)</i>					
Nutrition Cluster:					
Non-Cash Assistance (Food Distribution)					
National School Lunch Program	10.555		\$18,940		\$18,940
Cash Assistance:					
School Breakfast Program	10.553	\$16,838		\$16,838	
National School Lunch Program	10.555	88,086		88,086	
Total Nutrition Cluster		<u>104,924</u>	<u>18,940</u>	<u>104,924</u>	<u>18,940</u>
Total U.S. Department of Agriculture		<u>104,924</u>	<u>18,940</u>	<u>104,924</u>	<u>18,940</u>
U.S. DEPARTMENT OF EDUCATION					
<i>(Passed through the Ohio Department of Education)</i>					
Title I Cluster:					
Title I Grants to Local Educational Agencies	84.010	71,873		75,011	
ARRA Title I Grants to Local Educational Agencies - Recovery Act	84.389	5,448		2,202	
Total Title I Cluster		<u>77,321</u>		<u>77,213</u>	
Special Education Cluster:					
Special Education - Grants to States	84.027	103,371		119,416	
Special Education Preschool Grants	84.173	4,322		4,063	
Total Special Education Cluster		<u>107,693</u>		<u>123,479</u>	
Safe & Drug Free Schools and Communities - State Grants	84.186	136		136	
Education Technology State Grants	84.318			442	
Improving Teacher Quality State Grants	84.367	6,006		11,015	
Education Jobs Fund	84.410	167,531		184,481	
<i>(Direct)</i>					
Rural Education (REAP Small, Rural School Achievement Grant)	84.358A	6,870		6,870	
Total U.S. Department of Education		<u>365,557</u>		<u>403,636</u>	
Total Federal Assistance		<u>\$470,481</u>	<u>\$18,940</u>	<u>\$508,560</u>	<u>\$18,940</u>

See Accompanying Notes to the Schedule of Federal Awards Receipts and Expenditures.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Waynesfield-Goshen Local School District
Auglaize County
500 North Westminster Street
Waynesfield, Ohio 45896

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waynesfield-Goshen Local School District, Auglaize County, (the School District) as of and for the fiscal year ended June 30, 2012, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 11, 2013 wherein we noted the School District uses a comprehensive accounting basis other than Generally Accepted Accounting Principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2012-01.

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

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



Dave Yost
Auditor of State

January 11, 2013



Dave Yost • Auditor of State

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

Waynesfield-Goshen Local School District
Auglaize County
500 North Westminster Street
Waynesfield, Ohio 45896

To the Board of Education:

Compliance

We have audited the compliance of Waynesfield-Goshen Local School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the fiscal year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School District's compliance based on our audit.

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

In our opinion, Waynesfield-Goshen Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

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

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www.ohioauditor.gov

**Internal Control Over Compliance
(Continued)**

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

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

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated January 11, 2013.

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



Dave Yost
Auditor of State

January 11, 2013

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster – CFDA #10.553 & 10.555 Education Jobs Fund – CFDA #84.410
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2012-01

Noncompliance Citation

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

Ohio Adm. Code Section 117-2-03(B) requires all school districts to prepare its annual financial report in accordance with generally accepted accounting principles. The School District prepared its financial statements in accordance with the cash accounting basis. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The School District should prepare the annual financial statements according to generally accepted accounting principles to help provide the users with more meaningful financial statements.

OFFICIALS' RESPONSE: The Board of Education has elected not to prepare its annual financial reports in accordance with the generally accepted accounting principles (GAAP) to save the District the additional costs required to prepare and audit GAAP financial statements.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Ohio Rev. Code Section 117.38 and Ohio Admin. Code 117-2-03(B) – failed to prepare financial statements in accordance with GAAP	No	Repeated as Finding 2012-01
2011-02	Classification of Financial Activity	Yes	
2011-03	American Recovery and Reinvestment Act of 2009 (ARRA), Sections 1512 (b) & (c) – ARRA Special Education Grants to States (CFDA #84.391) and State Fiscal Stabilization Fund Education State Grants (CFDA #84.394) - failed to report single payments to vendors exceeding \$25,000 to the Federal Grantor Agency	Yes	

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WAYNESFIELD- GOSHEN LOCAL SCHOOL DISTRICT

AUGLAIZE 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
FEBRUARY 26, 2013