



Rea & associates *a brighter way*

# Wooster City School District

## Wayne County, Ohio

### *Audited Financial Statements*

For the Fiscal Year Ended  
June 30, 2015





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Wooster City School District, Wayne County, prepared by Rea & Associates, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

January 13, 2016



**Wooster City School District**  
**Wayne County, Ohio**  
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**Wooster City School District**  
**Wayne County, Ohio**  
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November 13, 2015

To the Board of Education  
Wooster City School District  
Wayne County, Ohio  
144 North Market Street  
Wooster, OH 44691

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, Ohio, (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter***

As described in Note 3, the District restated the net position balances to account for a new major fund and the implementation of GASB Statement No. 68 and GASB Statement No. 71. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District Contributions on pages 5-19, 73-74, and 75-78, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the basic financial statements.



The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Kea & Associates, Inc.*

New Philadelphia, Ohio

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**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

The management's discussion and analysis of Wooster City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2015 are as follows:

- In total, net position increased \$9,655,365. Net position of governmental activities increased \$9,774,431 from 2014 as restated in Note 3.A. Business-type activities net position decreased \$119,066 from 2014 as restated in Note 3.A.
- General revenues accounted for \$46,285,082 in revenue or 89.13% of governmental activities revenues. Program specific revenues in the form of charges for services and sales, operating/capital grants and contributions accounted for \$5,643,901 or 10.87% of governmental activities revenues.
- Total revenues for fiscal year 2015 were \$55,441,481. Of this total, \$51,928,983 was reported in the governmental activities and \$3,512,498 in the business-type activities.
- The District had \$42,154,552 in expenses related to governmental activities; only \$5,643,901 of these expenses was offset by program specific charges for services, operating/capital grants or contributions resulting in a net cost of \$36,510,651 for the District. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$46,285,082 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the debt service fund. The general fund had \$44,968,245 in revenues and other financing sources and \$40,526,287 in expenditures and other financing uses. During fiscal year 2015, the general fund's fund balance increased \$4,441,958 from a balance of \$27,306,840 to \$31,748,798.
- The debt service fund had \$3,559,492 in revenues and other financing sources and \$3,463,010 in expenditures. During fiscal year 2015, the debt service fund's fund balance increased \$96,482 from \$1,835,189 to \$1,931,671.
- The District's major enterprise fund is the education costs for outside entities fund. The education costs for outside entities fund had \$1,383,137 in operating revenues, \$1,766,235 in operating expenses, and \$256,465 in nonoperating revenues. During fiscal year 2015, the education costs for outside entities fund's net position decreased \$126,633 from a deficit balance of \$1,896,971 (as restated – see Note 3.A) to a deficit balance of \$2,023,604.

**Using this Annual Financial Report**

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

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

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

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2015?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current fund's revenues and expenses regardless of when cash is received or paid.

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

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

Governmental activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's food service, uniform school supplies, recreation center, education costs for outside entities, and before/after school child care are reported as business activities.

The District's statement of net position and statement of activities can be found on pages 20-22 of this report.

**Reporting the District's Most Significant Funds**

*Fund Financial Statements*

The analysis of the District's major governmental funds begins on page 14 and the analysis of the District's enterprise funds begins on page 17. Fund financial reports provide detailed information about the District's major funds.

The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and debt service fund. The District reports the education costs for outside entities fund as a major enterprise fund.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 23-27 of this report.

***Proprietary Funds***

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 28-30 of this report.

**Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 31 and 32. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 33-72.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 73-79 of this report.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.

**Net Position**

	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
<b>Assets</b>						
Current and other assets	\$ 70,477,845	\$ 65,429,084	\$ 1,236,872	\$ 1,414,283	\$ 71,714,717	\$ 66,843,367
Capital assets, net	34,266,376	33,299,082	1,501,577	1,554,638	35,767,953	34,853,720
Total assets	104,744,221	98,728,166	2,738,449	2,968,921	107,482,670	101,697,087
<b>Deferred outflows</b>						
Unamortized deferred charges	26,660	35,456	-	-	26,660	35,456
Pension	3,504,269	2,825,384	246,636	211,900	3,750,905	3,037,284
Total deferred outflows	3,530,929	2,860,840	246,636	211,900	3,777,565	3,072,740
<b>Liabilities</b>						
Current liabilities	5,318,159	5,832,208	388,412	367,830	5,706,571	6,200,038
Long-term liabilities						
Due within one year	3,931,956	3,820,612	64,400	45,994	3,996,356	3,866,606
Due in more than one year						
Net pension liability	48,079,278	57,005,902	3,235,371	3,967,432	51,314,649	60,973,334
Other amounts	10,158,226	13,176,887	269,601	226,267	10,427,827	13,403,154
Total liabilities	67,487,619	79,835,609	3,957,784	4,607,523	71,445,403	84,443,132
<b>Deferred inflows</b>						
Property taxes	26,451,560	25,898,447	-	-	26,451,560	25,898,447
Pension	8,706,590	-	573,069	-	9,279,659	-
Total deferred inflows	35,158,150	25,898,447	573,069	-	35,731,219	25,898,447
<b>Net position</b>						
Net investment in capital assets	25,478,017	21,122,304	1,501,577	1,554,638	26,979,594	22,676,942
Restricted	5,134,148	4,692,492	-	-	5,134,148	4,692,492
Unrestricted (deficit)	(24,982,784)	(29,959,846)	(3,047,345)	(2,981,340)	(28,030,129)	(32,941,186)
Total net position (deficit)	\$ 5,629,381	\$ (4,145,050)	\$ (1,545,768)	\$ (1,426,702)	\$ 4,083,613	\$ (5,571,752)

During 2015, the District adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, for governmental activities from \$50,035,468 to (\$4,145,050) and business type activities from \$2,328,830 to (\$1,426,702).

Capital assets for 2015 increased less than three percent from the prior year as additions of \$2,489,186 were more than depreciation expense of \$1,313,872 and disposals net of \$208,020. Current and other assets increased primarily due to an increase in equity in pooled cash and cash equivalents of \$4,592,708 as a result of current year operations. Long-term liabilities decreased primarily due to a reduction in the net pension liability in fiscal year 2015. Current liabilities decreased primarily due to contracts and retainage payable related to construction projects.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

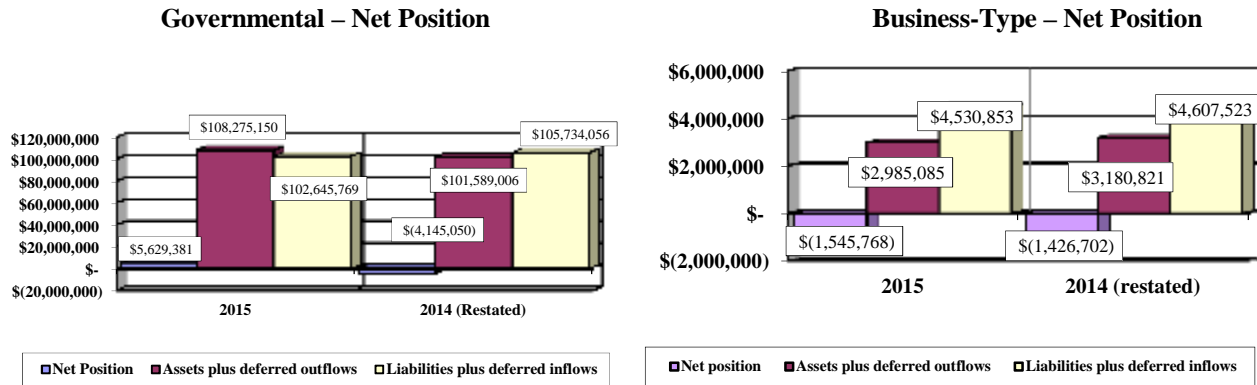
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2015, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$4,083,613. Of this total, \$5,134,148 is restricted in use.

At year-end, capital assets represented 33.28% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, textbooks and an ice arena. The net investment in capital assets at June 30, 2015, was \$26,979,594. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$5,134,148, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$28,030,129, which is primarily caused by the implementation of GASB 68 and 71.

The graphs below show the assets plus deferred outflows, liabilities plus deferred inflows and net position of the governmental activities and business-type activities at June 30, 2015 and 2014 (as restated – see Note 3.A).



The table on the next page shows the change in net position for fiscal years 2015 and 2014. The net position at June 30, 2014 has been restated as described in Note 3.A.



**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2015	Restated 2014	2015	Restated 2014	2015	Restated 2014
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 1,256,858	\$ 1,185,533	\$ 1,945,282	\$ 2,383,837	\$ 3,202,140	\$ 3,569,370
Operating grants and contributions	4,302,043	4,293,460	1,541,362	1,449,895	5,843,405	5,743,355
Capital grants and contributions	85,000	795,412	-	-	85,000	795,412
General revenues:						
Property taxes	29,148,775	28,647,917	-	-	29,148,775	28,647,917
Payments in lieu of taxes	383,901	841,404	-	-	383,901	841,404
Grants and entitlements	16,173,049	15,389,342	-	-	16,173,049	15,389,342
Investment earnings	119,589	83,674	521	721	120,110	84,395
Other	459,768	348,678	25,333	202,637	485,101	551,315
<b>Total revenues</b>	<b>51,928,983</b>	<b>51,585,420</b>	<b>3,512,498</b>	<b>4,037,090</b>	<b>55,441,481</b>	<b>55,622,510</b>
<b>Expenses</b>						
Program expenses:						
Instruction:						
Regular	17,000,533	18,803,813	-	-	17,000,533	18,803,81
Special	5,911,898	6,487,083	-	-	5,911,898	6,487,08
Vocational	375,862	378,717	-	-	375,862	378,71
Other	3,131,661	2,968,883	-	-	3,131,661	2,968,88
Support services:						
Pupil	1,952,448	2,044,240	-	-	1,952,448	2,044,24
Instructional staff	661,203	529,289	-	-	661,203	529,28
Board of education	59,433	70,196	-	-	59,433	70,19
Administration	2,947,893	2,832,669	-	-	2,947,893	2,832,66
Fiscal	1,105,605	745,698	-	-	1,105,605	745,69
Business	228,509	187,472	-	-	228,509	187,47
Operations and maintenance	4,355,341	4,444,369	-	-	4,355,341	4,444,36
Pupil transportation	1,946,120	1,841,021	-	-	1,946,120	1,841,02
Central	478,447	462,313	-	-	478,447	462,31
Operation of non-instructional services	757,765	643,374	-	-	757,765	643,37
Extracurricular activities	710,040	719,494	-	-	710,040	719,49
Depreciation expense						
not included in other functions	90,357	90,356	-	-	90,357	90,35
Interest and fiscal charges	441,437	644,545	-	-	441,437	644,54
Food service	-	-	1,609,363	1,676,150	1,609,363	1,676,15
Uniform school supplies	-	-	5,790	13,946	5,790	13,94
Recreation Center	-	-	196,512	248,742	196,512	248,74
Education costs for outside entities	-	-	1,787,854	1,891,554	1,787,854	1,891,55
Before/after school child care	-	-	32,045	33,976	32,045	33,97
<b>Total expenses</b>	<b>42,154,552</b>	<b>43,893,532</b>	<b>3,631,564</b>	<b>3,864,368</b>	<b>45,786,116</b>	<b>47,757,90</b>
Changes in net position	9,774,431	7,691,888	(119,066)	172,722	9,655,365	7,864,61
Net position (deficit)						
at beginning of year (restated)	(4,145,050)	N/A	(1,426,702)	N/A	(5,571,752)	N/A
<b>Net position (deficit) at end of year</b>	<b>\$ 5,629,381</b>	<b>\$ (4,145,050)</b>	<b>\$ (1,545,768)</b>	<b>\$ (1,426,702)</b>	<b>\$ 4,083,613</b>	<b>\$ (5,571,75)</b>

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**Governmental Activities**

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$2,825,384 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$2,147,955.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$ 42,154,552
Pension expense under GASB 68	(2,147,955)
2015 contractually required contributions	<u>3,046,874</u>
Adjusted 2015 program expenses	43,053,471
Total 2014 program expenses under GASB 27	<u>43,893,532</u>
Increase (decrease) in program expenses not related to pension	<u>\$ (840,061)</u>

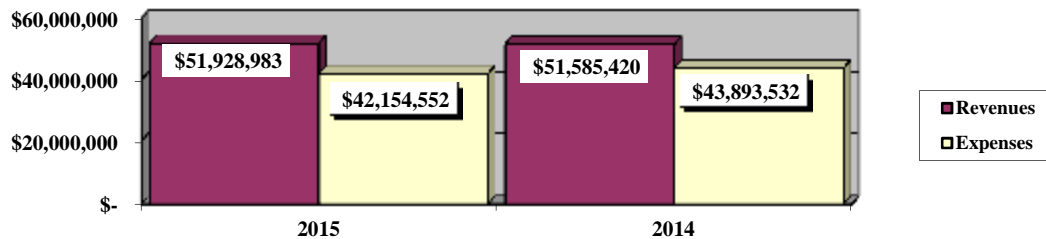
For fiscal year 2015, the net position of the District's governmental activities increased \$9,774,431. Total governmental expenses of \$42,154,552 were offset by program revenues of \$5,643,901 and general revenues of \$46,285,082. Program revenues supported 13.39% of the total governmental expenses. Program revenues decreased \$630,504 or 10.05% primarily due to the receipt of a capital contribution received in fiscal year 2014 supporting the athletic field upgrades.

General revenues increased \$974,067 primarily due an increase in grants and entitlements not restricted to specific programs primarily from Foundation payments from the State of Ohio and from a \$290,480 gain on the sale of capital assets in fiscal year 2015.

Governmental activities expenses remained consistent with prior year, decreasing \$1,738,980, or 3.96% from the prior year. Regular instruction expenses and special instruction expenses decreased \$1,803,280 and \$575,185, respectively. These expenses decreased primarily due to reduced personnel costs.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2015 and 2014.

**Governmental Activities - Revenues and Expenses**



**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2015 and 2014. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

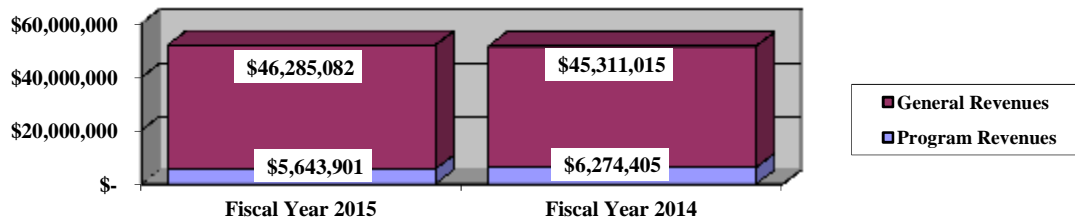
	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>	Total Cost of Services <u>2014</u>	Net Cost of Services <u>2014</u>
Program expenses:				
Instruction:				
Regular	\$ 17,000,533	\$ 15,931,394	\$ 18,803,813	\$ 17,828,540
Special	5,911,898	2,727,193	6,487,083	3,287,642
Vocational	375,862	337,242	378,717	352,994
Other	3,131,661	3,094,751	2,968,883	2,943,614
Support services:				
Pupil	1,952,448	1,925,738	2,044,240	2,008,913
Instructional staff	661,203	441,463	529,289	326,126
Board of education	59,433	59,433	70,196	70,196
Administration	2,947,893	2,947,893	2,832,669	2,832,669
Fiscal	1,105,605	1,100,340	745,698	722,866
Business	228,509	228,509	187,472	187,472
Operations and maintenance	4,355,341	4,274,310	4,444,369	4,369,189
Pupil transportation	1,946,120	1,843,849	1,841,021	1,697,939
Central	478,447	467,647	462,313	449,713
Operation of non-instructional services	757,765	224,834	643,374	143,268
Extracurricular activities	710,040	374,261	719,494	(336,915)
Depreciation expense not included in other functions	90,357	90,357	90,356	90,356
Interest and fiscal charges	441,437	441,437	644,545	644,545
<b>Total expenses</b>	<b><u>\$ 42,154,552</u></b>	<b><u>\$ 36,510,651</u></b>	<b><u>\$ 43,893,532</u></b>	<b><u>\$ 37,619,127</u></b>

The net cost of services for extracurricular activities fluctuated as the District received a \$795,412 capital contribution supporting the athletic field upgrades in fiscal year 2014.

The dependence upon tax revenues during fiscal year 2015 for governmental activities is apparent, as 83.61% of 2015 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.61%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2015 and 2014.

**Governmental Activities - General and Program Revenues**



**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

**Business-type Activities**

Business-type activities include food service operation, uniform school supplies, recreation center, education costs for outside entities, and before/after school child care program. These programs had revenues of \$3,512,498 and expenses of \$3,631,564 for fiscal year 2015. Management reviews these programs to develop policies to allow these services to become self-supporting.

The District's largest business-type activities are food service and education costs for outside entities operations. Food service operations had \$417,607 in charges for services and sales, \$1,193,072 in operating grants and contributions and had total expenses of \$1,609,363. Food service program revenues were sufficient to support food service expenses by \$1,316. Education costs for outside entities had \$1,372,044 in charges for services and sales, \$256,290 in operating grants and contributions and had total expenses of \$1,787,854. Education costs for outside entities program revenues were not sufficient to support expenses by (\$159,520).

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 expenses still include pension expense of \$211,900 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$26,796.

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$	3,631,564
Pension expense under GASB 68		(26,796)
2015 contractually required contributions		<u>220,524</u>
Adjusted 2015 program expenses		3,825,292
Total 2014 program expenses under GASB 27		<u>3,864,368</u>
Increase (decrease) in program expenses not related to pension	\$	<u>(39,076)</u>

**The District's Funds**

**Governmental Funds**

The District's governmental funds (as presented on the balance sheet on page 23) reported a combined fund balance of \$36,905,761, which is more than last year's fund total of \$31,380,578.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2015 and 2014.

	Fund Balance <u>June 30, 2015</u>	Fund Balance <u>June 30, 2014</u>	<u>Change</u>
General	\$ 31,748,798	\$ 27,306,840	\$ 4,441,958
Debt service	1,931,671	1,835,189	96,482
Other governmental	<u>3,225,292</u>	<u>2,238,549</u>	<u>986,743</u>
Total	<u>\$ 36,905,761</u>	<u>\$ 31,380,578</u>	<u>\$ 5,525,183</u>

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

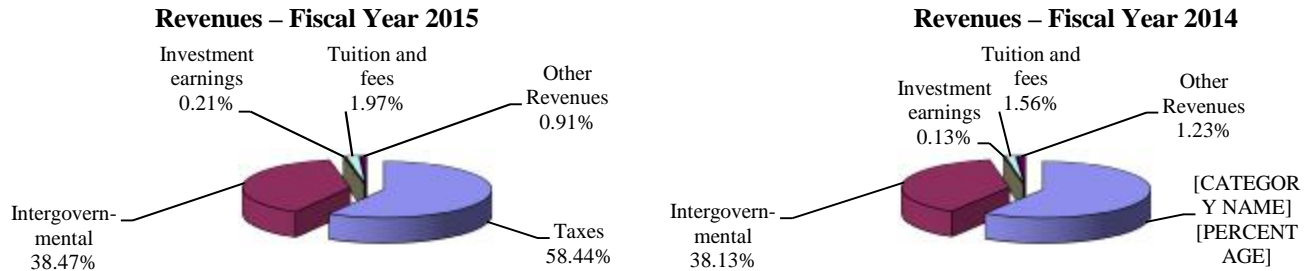
**General Fund**

The District's general fund balance increased \$4,441,958. The table that follows assists in illustrating the revenues of the general fund.

	2015 <u>Amount</u>	2014 <u>Amount</u>	Increase (Decrease)	Percentage Change
<b><u>Revenues</u></b>				
Property and other taxes	\$ 26,218,956	\$ 25,491,077	\$ 727,879	2.86 %
Intergovernmental	17,262,948	16,490,671	772,277	4.68 %
Investment earnings	96,044	58,125	37,919	65.24 %
Tuition and fees	883,355	673,885	209,470	31.08 %
Other revenues	<u>406,790</u>	<u>532,751</u>	<u>(125,961)</u>	(23.64) %
Total	<u>\$ 44,868,093</u>	<u>\$ 43,246,509</u>	<u>\$ 1,621,584</u>	3.75 %

Property and other taxes revenue increased \$727,879 primarily due to a one-time payment in lieu of taxes credited to the general fund in fiscal year 2015. Intergovernmental revenues increased due to increased Foundation funding from the State of Ohio. Investment earnings increased \$37,919 or 65.24% due to the reporting of accruals for accrued interest receivable at June 30, 2015. Tuition and fees revenues increased \$209,470 or 31.08% due to more open enrollment students. Other revenues decreased \$125,961 or 23.64% from fiscal year 2014 primarily due to a decrease in miscellaneous revenues such as refunds, reimbursements and monies from other local sources.

The graphs below show the District's revenues, by source, for fiscal year 2015 and 2014:



**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

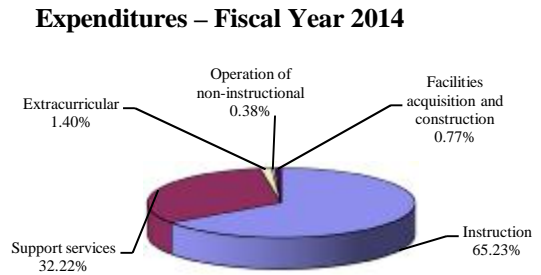
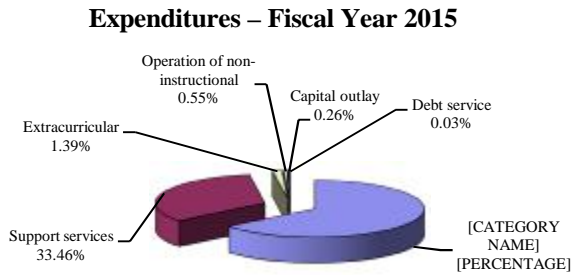
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)**

The table that follows assists in illustrating the expenditures of the general fund.

	<u>2015</u> <u>Amount</u>	<u>2014</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 24,303,335	\$ 25,659,621	\$ (1,356,286)	(5.29) %
Support services	12,647,585	12,673,064	(25,479)	(0.20) %
Operation of non-instructional services	209,358	149,785	59,573	39.77 %
Extracurricular activities	524,517	549,915	(25,398)	(4.62) %
Facilities acquisition and construction	-	303,014	(303,014)	(100.00) %
Capital outlay	100,152	-	100,152	100.00 %
Debt service	11,340	-	11,340	100.00 %
<b>Total</b>	<b><u>\$ 37,796,287</u></b>	<b><u>\$ 39,335,399</u></b>	<b><u>\$ (1,539,112)</u></b>	<b>(3.91) %</b>

In total, expenditures decreased 3.91% from 2014. Instruction expenditures decreased primarily due to a decrease in personnel costs. All other expenditures remained consistent by dollar amount with fiscal year 2014.

The graphs below show the District's expenditures, by functional area, for fiscal year 2015 and 2014:



***Debt Service Fund***

The debt service fund had \$3,559,492 in revenues and other financing sources and \$3,463,010 in expenditures. During fiscal 2015, the debt service fund's fund balance increased \$96,482 from \$1,835,189 to \$1,931,671.

***Nonmajor Governmental Funds***

The nonmajor governmental funds had \$6,537,353 in revenues and other financing sources and \$5,550,610 in expenditures. During fiscal 2015, the nonmajor governmental fund's fund balance increased \$986,743 from \$2,238,549 to \$3,225,292. During fiscal year 2015, the District received an \$85,000 contribution to support athletic field upgrades, proceeds of \$498,500 from the sale of capital assets and \$2,520,000 of transfers from the general fund.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

***Enterprise Funds***

The District's enterprise funds reported operating revenues of \$1,970,568, operating expenses of \$3,596,904 and nonoperating revenues of \$1,541,930. Net position of the enterprise funds decreased \$84,406 from (\$1,385,745) to (\$1,470,151). The enterprise funds reported an operating loss of \$1,626,336. Nonoperating revenues of \$1,541,930 were not sufficient to report a positive change in net position.

**General Fund Budgeting Highlights**

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

For the general fund, the final budgeted revenue and other financing sources was \$45,443,848. The original budgeted revenue and other financing sources was \$43,379,900. Actual revenue and other financing sources was \$45,459,482. The difference between the final budgeted revenues and other financing sources and the actual revenues and other financing sources was \$15,634. The difference between the original and final budget of \$2,063,948 was primarily due to anticipated increases in property taxes and state funding.

Total actual expenditures and other financing uses on the budget basis (cash outlays plus encumbrances) were \$42,246,862. This amount was \$1,995,207 less than the final budgeted amount (appropriations plus prior year encumbrances) primarily due to an overestimation of regular instruction expenditures. The final budgeted expenditures and other financing uses were increased \$2,500,001 from the original budgeted amount. Regular instruction expenditures decreased from the original to final budget; however, this decrease was offset by an increase in special instruction and various support service expenditure budgets. Overall, fund balance on the budget basis increased \$3,212,620 over the prior year.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2015, the District had \$35,767,953 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, textbooks and ice arena. Of this total, \$34,266,376 was reported in governmental activities and \$1,501,577 was reported in business-type activities. The following table shows fiscal 2015 balances compared to 2014:

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Land	\$ 2,354,412	\$ 2,507,355	\$ -	\$ -	\$ 2,354,412	\$ 2,507,355
Construction in progress	498,878	1,070,367	-	-	498,878	1,070,367
Land improvements	1,440,736	87,110	-	-	1,440,736	87,110
Buildings and improvements	24,497,415	24,808,517	1,487,424	1,538,131	25,984,839	26,346,648
Furniture and equipment	1,393,032	700,367	14,153	16,507	1,407,185	716,874
Vehicles	829,079	782,185	-	-	829,079	782,185
Ice arena	3,252,824	3,343,181	-	-	3,252,824	3,343,181
<b>Total</b>	<b><u>\$ 34,266,376</u></b>	<b><u>\$ 33,299,082</u></b>	<b><u>\$ 1,501,577</u></b>	<b><u>\$ 1,554,638</u></b>	<b><u>\$ 35,767,953</u></b>	<b><u>\$ 34,853,721</u></b>

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

Overall capital assets, net of accumulated depreciation, increased \$914,233 from fiscal year 2014 to fiscal year 2015. Capital outlays of \$2,489,186 exceeded depreciation expense of \$1,366,933 and disposals of \$208,020 during the year. See Note 7 to the basic financial statements for more detail on the District's capital assets.

***Debt Administration***

At June 30, 2015, the District has \$10,183,341 in long-term debt outstanding. Of this total, \$3,202,540 is due within one year and \$6,980,801 is due in greater than one year. The following table summarizes outstanding long-term debt:

**Outstanding Debt, at Year End**

	Governmental Activities 2015	Governmental Activities 2014
<b>Long Term Debt:</b>		
General obligation bonds	\$ 6,640,002	\$ 9,505,002
Capital appreciation bonds	1,955,000	1,955,000
Accreted interest on capital appreciation bonds	725,116	617,246
Energy conservation note payable	772,000	950,000
Capital leases	<u>91,223</u>	<u>-</u>
Total	<u>\$ 10,183,341</u>	<u>\$ 13,027,248</u>

Payments of principal and interest on the general obligation bonds and energy conservation note are made from the debt service fund. See Note 8 to the basic financial statements for more detail on the District's long-term obligations.

**Current Financial Related Activities**

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

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

Thus, the District's dependency upon property taxes is hampered by a lack of revenue growth and requires regular return to the voters to maintain a constant level of service. Property taxes and payment in lieu of taxes made up 56.87% of revenues for governmental activities for the Wooster City Schools in fiscal year 2015.



**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015  
(UNAUDITED)

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

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

July 1, 2015 marked the effective date of the new biennial budget for the State of Ohio which includes provisions of state funding to public education. This state budget does provide for increased per pupil state funding to Wooster City Schools for fiscal years 2016 and 2017. However, an offsetting reduction to the tangible personal property tax reimbursement results in very little actual increase to the District over these next two years. Language is also present that will continue to phase out the district's \$5.5 million in tangible personal property reimbursement into future years with its ultimate elimination scheduled by 2022. The degree to which increases in future state per pupil aid might continue to offset these losses, as was the case in this biennium, is not known at this time.

Given these developments, the District does not anticipate an immediate need to seek new operating levy dollars.

**Contacting the District's Financial Management**

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

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2015

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 40,115,939	\$ 526,080	\$ 40,642,019
Receivables:			
Property taxes . . . . .	29,120,456	-	29,120,456
Accounts. . . . .	15,819	62,007	77,826
Accrued interest . . . . .	18,535	-	18,535
Intergovernmental . . . . .	1,033,955	809,215	1,843,170
Inventory held for resale. . . . .	-	12,711	12,711
Internal balance . . . . .	173,141	(173,141)	-
Capital assets:			
Nondepreciable capital assets . . . . .	2,853,290	-	2,853,290
Depreciable capital assets, net. . . . .	31,413,086	1,501,577	32,914,663
Capital assets, net. . . . .	34,266,376	1,501,577	35,767,953
Total assets. . . . .	104,744,221	2,738,449	107,482,670
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refunding	26,660	-	26,660
Pension - STRS . . . . .	2,768,287	146,995	2,915,282
Pension - SERS . . . . .	735,982	99,641	835,623
Total deferred outflows of resources . . . . .	3,530,929	246,636	3,777,565
<b>Liabilities:</b>			
Accounts payable. . . . .	275,288	36,107	311,395
Contracts payable. . . . .	306,086	-	306,086
Retainage payable . . . . .	18,298	-	18,298
Accrued wages and benefits payable . . . . .	3,540,176	281,907	3,822,083
Intergovernmental payable . . . . .	566,826	11,916	578,742
Pension obligation payable. . . . .	583,282	58,482	641,764
Accrued interest payable . . . . .	28,203	-	28,203
Long-term liabilities:			
Due within one year. . . . .	3,931,956	64,400	3,996,356
Due in more than one year:			
Net pension liability (See Note 12) . . . . .	48,079,278	3,235,371	51,314,649
Other amounts due in more than one year . . . . .	10,158,226	269,601	10,427,827
Total liabilities . . . . .	67,487,619	3,957,784	71,445,403
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . . . .	26,451,560	-	26,451,560
Pension - STRS. . . . .	7,360,614	390,845	7,751,459
Pension - SERS. . . . .	1,345,976	182,224	1,528,200
Total deferred inflows of resources . . . . .	35,158,150	573,069	35,731,219
<b>Net position:</b>			
Net investment in capital assets . . . . .	25,478,017	1,501,577	26,979,594
Restricted for:			
Capital projects . . . . .	3,311,741	-	3,311,741
Debt service. . . . .	1,255,987	-	1,255,987
Locally funded programs . . . . .	64,154	-	64,154
State funded programs. . . . .	44,689	-	44,689
Federally funded programs . . . . .	174,573	-	174,573
Student activities . . . . .	232,344	-	232,344
Other purposes . . . . .	50,660	-	50,660
Unrestricted (deficit) . . . . .	(24,982,784)	(3,047,345)	(28,030,129)
Total net position (deficit) . . . . .	\$ 5,629,381	\$ (1,545,768)	\$ 4,083,613

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 17,000,533	\$ 879,508	\$ 189,631	\$ -
Special . . . . .	5,911,898	51,906	3,132,799	-
Vocational . . . . .	375,862	-	38,620	-
Other . . . . .	3,131,661	-	36,910	-
Support services:				
Pupil . . . . .	1,952,448	-	26,710	-
Instructional staff . . . . .	661,203	-	219,740	-
Board of education . . . . .	59,433	-	-	-
Administration . . . . .	2,947,893	-	-	-
Fiscal . . . . .	1,105,605	-	5,265	-
Business . . . . .	228,509	-	-	-
Operations and maintenance . . . . .	4,355,341	81,031	-	-
Pupil transportation . . . . .	1,946,120	-	102,271	-
Central . . . . .	478,447	-	10,800	-
Operation of non-instructional services . . . . .	757,765	-	532,931	-
Extracurricular activities . . . . .	710,040	244,413	6,366	85,000
Depreciation expense not included in other functions (see Note 7) . . . . .	90,357	-	-	-
Interest and fiscal charges . . . . .	441,437	-	-	-
Total governmental activities . . . . .	42,154,552	1,256,858	4,302,043	85,000
<b>Business-type activities:</b>				
Food service . . . . .	1,609,363	417,607	1,193,072	-
Uniform school supplies . . . . .	5,790	396	-	-
Recreation center . . . . .	196,512	106,270	92,000	-
Education costs for outside entities . . . . .	1,787,854	1,372,044	256,290	-
Before/after school child care . . . . .	32,045	48,965	-	-
Total business-type activities . . . . .	3,631,564	1,945,282	1,541,362	-
Totals . . . . .	\$ 45,786,116	\$ 3,202,140	\$ 5,843,405	\$ 85,000

**General revenues:**

Property taxes levied for:
General purposes . . . . .
Debt service . . . . .
Capital outlay . . . . .
Payments in lieu of taxes . . . . .
Grants and entitlements not restricted to specific programs . . . . .
Gain on disposal of capital assets . . . . .
Investment earnings . . . . .
Miscellaneous . . . . .
Total general revenues . . . . .
Change in net position . . . . .
<b>Net position (deficit) at beginning of year (restated) . . . . .</b>
<b>Net position (deficit) at end of year . . . . .</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue  
and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (15,931,394)	\$ -	\$ (15,931,394)
(2,727,193)	-	(2,727,193)
(337,242)	-	(337,242)
(3,094,751)	-	(3,094,751)
(1,925,738)	-	(1,925,738)
(441,463)	-	(441,463)
(59,433)	-	(59,433)
(2,947,893)	-	(2,947,893)
(1,100,340)	-	(1,100,340)
(228,509)	-	(228,509)
(4,274,310)	-	(4,274,310)
(1,843,849)	-	(1,843,849)
(467,647)	-	(467,647)
(224,834)	-	(224,834)
(374,261)	-	(374,261)
(90,357)	-	(90,357)
(441,437)	-	(441,437)
(36,510,651)	-	(36,510,651)
-	1,316	1,316
-	(5,394)	(5,394)
-	1,758	1,758
-	(159,520)	(159,520)
-	16,920	16,920
-	(144,920)	(144,920)
(36,510,651)	(144,920)	(36,655,571)
25,833,315	-	25,833,315
2,844,167	-	2,844,167
471,293	-	471,293
383,901	-	383,901
16,173,049	-	16,173,049
290,480	-	290,480
119,589	521	120,110
169,288	25,333	194,621
46,285,082	25,854	46,310,936
9,774,431	(119,066)	9,655,365
(4,145,050)	(1,426,702)	(5,571,752)
\$ 5,629,381	\$ (1,545,768)	\$ 4,083,613

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . .	\$ 34,415,513	\$ 1,741,812	\$ 3,958,614	\$ 40,115,939
Receivables:				
Property taxes . . . . .	25,732,221	2,918,635	469,600	29,120,456
Accounts . . . . .	15,694	-	125	15,819
Accrued interest . . . . .	18,535	-	-	18,535
Interfund loans . . . . .	593,425	-	-	593,425
Intergovernmental . . . . .	318,037	-	715,918	1,033,955
Total assets . . . . .	<u>\$ 61,093,425</u>	<u>\$ 4,660,447</u>	<u>\$ 5,144,257</u>	<u>\$ 70,898,129</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 227,946	\$ -	\$ 47,342	\$ 275,288
Contracts payable . . . . .	-	-	306,086	306,086
Retainage payable . . . . .	-	-	18,298	18,298
Accrued wages and benefits payable . . . . .	3,412,293	-	127,883	3,540,176
Compensated absences payable . . . . .	218,765	-	-	218,765
Intergovernmental payable . . . . .	385,234	-	181,592	566,826
Pension obligation payable . . . . .	558,676	-	24,606	583,282
Interfund loans payable . . . . .	-	-	333,425	333,425
Due to other funds . . . . .	162,476	-	-	162,476
Total liabilities . . . . .	<u>4,965,390</u>	<u>-</u>	<u>1,039,232</u>	<u>6,004,622</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year . . .	23,373,858	2,651,141	426,561	26,451,560
Delinquent property tax revenue not available . . .	684,470	77,635	12,491	774,596
Intergovernmental revenue not available . . . . .	158,110	-	440,681	598,791
Accrued interest not available . . . . .	18,535	-	-	18,535
Tuition revenue not available . . . . .	144,264	-	-	144,264
Total deferred inflows of resources . . . . .	<u>24,379,237</u>	<u>2,728,776</u>	<u>879,733</u>	<u>27,987,746</u>
<b>Fund balances:</b>				
Restricted:				
Debt service . . . . .	-	1,931,671	-	1,931,671
Capital improvements . . . . .	-	-	3,144,858	3,144,858
Non-public schools . . . . .	-	-	34,069	34,069
Targeted academic assistance . . . . .	-	-	6,900	6,900
Other purposes . . . . .	-	-	60,042	60,042
Extracurricular . . . . .	-	-	232,344	232,344
Assigned:				
Student instruction . . . . .	501,277	-	-	501,277
Student and staff support . . . . .	469,056	-	-	469,056
Extracurricular activities . . . . .	6,260	-	-	6,260
Facilities acquisition and construction . . . . .	4,814	-	-	4,814
Unassigned (deficit) . . . . .	30,767,391	-	(252,921)	30,514,470
Total fund balances . . . . .	<u>31,748,798</u>	<u>1,931,671</u>	<u>3,225,292</u>	<u>36,905,761</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 61,093,425</u>	<u>\$ 4,660,447</u>	<u>\$ 5,144,257</u>	<u>\$ 70,898,129</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2015

<b>Total governmental fund balances</b>		\$	36,905,761
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			34,266,376
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	774,596	
Accrued interest receivable		18,535	
Intergovernmental receivable		743,055	
Total		1,536,186	1,536,186
An internal service fund is used by management to charge the costs of medical and dental insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities on the statement of net position. The net position of the internal service funds, including internal balances of \$75,617, is:			75,617
Unamortized premiums on bonds issued are not recognized in the funds.			(65,625)
Deferred outflows of resources related to unamortized deferred charges on debt refunding are not recognized in the funds.			26,660
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(28,203)
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			
Deferred outflows - Pension		3,504,269	
Deferred inflows - Pension		(8,706,590)	
Net pension liability		(48,079,278)	
Total		(53,281,599)	(53,281,599)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(6,640,002)	
Notes payable		(772,000)	
Capital appreciation bonds		(1,955,000)	
Accreted interest on capital appreciation bonds		(725,116)	
Capital lease obligations		(91,223)	
Compensated absences payable		(3,622,451)	
Total		(13,805,792)	(13,805,792)
<b>Net position of governmental activities</b>		\$	5,629,381

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 25,873,791	\$ 2,842,158	\$ 472,006	\$ 29,187,955
Payment in lieu of taxes . . . . .	345,165	32,747	5,989	383,901
Tuition. . . . .	883,355	-	-	883,355
Earnings on investments . . . . .	96,044	4,373	8,856	109,273
Extracurricular. . . . .	117,111	-	141,896	259,007
Classroom materials and fees . . . . .	34,475	-	-	34,475
Rental income . . . . .	81,031	-	-	81,031
Contributions and donations . . . . .	4,885	-	137,259	142,144
Contract services. . . . .	-	-	6,856	6,856
Other local revenues . . . . .	169,288	-	4,337	173,625
Intergovernmental - intermediate . . . . .	-	-	18,398	18,398
Intergovernmental - state . . . . .	17,262,948	470,214	656,334	18,389,496
Intergovernmental - federal . . . . .	-	-	2,066,922	2,066,922
Total revenues . . . . .	<u>44,868,093</u>	<u>3,349,492</u>	<u>3,518,853</u>	<u>51,736,438</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	16,572,873	-	156,504	16,729,377
Special . . . . .	4,356,596	-	1,641,817	5,998,413
Vocational . . . . .	379,396	-	-	379,396
Other . . . . .	2,994,470	-	38,374	3,032,844
Support services:				
Pupil . . . . .	2,001,046	-	27,236	2,028,282
Instructional staff . . . . .	387,892	-	281,464	669,356
Board of education . . . . .	59,561	-	-	59,561
Administration . . . . .	2,897,227	-	-	2,897,227
Fiscal . . . . .	1,021,079	64,800	16,539	1,102,418
Business. . . . .	227,174	-	-	227,174
Operations and maintenance . . . . .	3,743,922	-	299,283	4,043,205
Pupil transportation . . . . .	1,845,245	-	20,683	1,865,928
Central . . . . .	464,439	-	10,800	475,239
Operation of non-instructional services . . . . .	209,358	-	553,952	763,310
Extracurricular activities . . . . .	524,517	-	154,415	678,932
Facilities acquisition and construction. . . . .	-	-	2,349,543	2,349,543
Capital outlay . . . . .	100,152	-	-	100,152
Debt service:				
Principal retirement. . . . .	8,929	3,043,000	-	3,051,929
Interest and fiscal charges . . . . .	2,411	355,210	-	357,621
Total expenditures . . . . .	<u>37,796,287</u>	<u>3,463,010</u>	<u>5,550,610</u>	<u>46,809,907</u>
Excess of revenues over (under) expenditures . . . . .	<u>7,071,806</u>	<u>(113,518)</u>	<u>(2,031,757)</u>	<u>4,926,531</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets . . . . .	-	-	498,500	498,500
Transfers in. . . . .	-	210,000	2,520,000	2,730,000
Transfers (out) . . . . .	(2,730,000)	-	-	(2,730,000)
Capital lease transaction . . . . .	100,152	-	-	100,152
Total other financing sources (uses) . . . . .	<u>(2,629,848)</u>	<u>210,000</u>	<u>3,018,500</u>	<u>598,652</u>
Net change in fund balances . . . . .	4,441,958	96,482	986,743	5,525,183
<b>Fund balances at beginning of year. . . . .</b>	<u>27,306,840</u>	<u>1,835,189</u>	<u>2,238,549</u>	<u>31,380,578</u>
<b>Fund balances at end of year. . . . .</b>	<u>\$ 31,748,798</u>	<u>\$ 1,931,671</u>	<u>\$ 3,225,292</u>	<u>\$ 36,905,761</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<b>Net change in fund balances - total governmental funds</b>	\$	5,525,183
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 2,489,186	
Current year depreciation	(1,313,872)	
Total		1,175,314
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(208,020)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent property tax revenue	(39,180)	
Tuition revenue	(7,746)	
Earnings on investments	10,351	
Intergovernmental revenue	(74,395)	
Total		(110,970)
Repayment of bond, note and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	2,865,000	
Notes	178,000	
Capital leases	8,929	
Total		3,051,929
Issuances of capital lease transactions are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as revenue as they increase liabilities on the statement of net position.		
		(100,152)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported on the statement of activities:		
Decrease in accrued interest payable	10,975	
Accreted interest on capital appreciation bonds	(107,870)	
Amortization of bond premiums	21,875	
Amortization of deferred charges on debt refundings	(8,796)	
Total		(83,816)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
		42,676
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
		3,046,874
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(2,147,955)
An internal service fund used by management to charge the costs of medical and dental insurance to individual funds are not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds, including internal balance activity of \$34,660, is allocated among the governmental activities.		
		(416,632)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>9,774,431</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 24,767,307	\$ 25,960,522	\$ 25,954,388	\$ (6,134)
Payment in lieu of taxes. . . . .	333,426	349,295	345,165	(4,130)
Tuition. . . . .	647,750	688,197	879,790	191,593
Earnings on investments . . . . .	71,546	76,215	101,547	25,332
Extracurricular. . . . .	72,013	76,051	87,827	11,776
Classroom materials and fees . . . . .	36,414	37,988	34,230	(3,758)
Rental income . . . . .	66,430	70,418	86,731	16,313
Other local revenues . . . . .	200,600	207,827	157,179	(50,648)
Intergovernmental - state . . . . .	16,619,414	17,412,335	17,247,285	(165,050)
Total revenues . . . . .	<u>42,814,900</u>	<u>44,878,848</u>	<u>44,894,142</u>	<u>15,294</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	21,046,678	17,634,831	16,881,901	752,930
Special. . . . .	3,141,217	4,703,983	4,641,851	62,132
Vocational. . . . .	256,196	386,949	380,914	6,035
Other. . . . .	2,824,594	3,006,387	3,004,570	1,817
Support services:				
Pupil. . . . .	1,531,287	2,153,103	2,029,946	123,157
Instructional staff . . . . .	339,003	548,204	446,874	101,330
Board of education . . . . .	156,870	149,551	63,730	85,821
Administration. . . . .	1,952,870	3,000,482	2,918,424	82,058
Fiscal . . . . .	1,040,831	1,142,354	1,026,660	115,694
Business . . . . .	136,660	266,974	235,982	30,992
Operations and maintenance. . . . .	3,473,621	4,359,021	3,955,381	403,640
Pupil transportation . . . . .	1,674,867	2,244,823	2,105,916	138,907
Central. . . . .	432,051	526,078	483,473	42,605
Operation of non-instructional services . . . . .	80,853	238,956	212,079	26,877
Extracurricular activities. . . . .	444,470	556,948	535,736	21,212
Total expenditures . . . . .	<u>38,532,068</u>	<u>40,918,644</u>	<u>38,923,437</u>	<u>1,995,207</u>
Excess of revenues over expenditures . . . . .	<u>4,282,832</u>	<u>3,960,204</u>	<u>5,970,705</u>	<u>2,010,501</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	-	-	340	340
Transfers (out). . . . .	(2,710,000)	(2,730,000)	(2,730,000)	-
Advances in. . . . .	565,000	565,000	565,000	-
Advances (out) . . . . .	(500,000)	(593,425)	(593,425)	-
Total other financing sources (uses) . . . . .	<u>(2,645,000)</u>	<u>(2,758,425)</u>	<u>(2,758,085)</u>	<u>340</u>
Net change in fund balance . . . . .	1,637,832	1,201,779	3,212,620	2,010,841
<b>Fund balance at beginning of year . . . . .</b>	<b>28,714,782</b>	<b>28,714,782</b>	<b>28,714,782</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>1,280,643</b>	<b>1,280,643</b>	<b>1,280,643</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 31,633,257</u></b>	<b><u>\$ 31,197,204</u></b>	<b><u>\$ 33,208,045</u></b>	<b><u>\$ 2,010,841</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2015

	<b>Education Costs for Outside Entities</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Business-Type Activities - Enterprise Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents . . . . .	\$ 238,229	\$ 287,851	\$ 526,080
Receivables:			
Accounts . . . . .	59,935	2,072	62,007
Intergovernmental . . . . .	809,215	-	809,215
Inventory held for resale . . . . .	-	12,711	12,711
Due from other funds . . . . .	162,476	-	162,476
Total current assets . . . . .	1,269,855	302,634	1,572,489
Noncurrent assets:			
Depreciable capital assets, net . . . . .	9,270	1,492,307	1,501,577
Total assets. . . . .	1,279,125	1,794,941	3,074,066
<b>Deferred outflows of resources:</b>			
Pension - STRS . . . . .	146,995	-	146,995
Pension - SERS . . . . .	19,960	79,681	99,641
Total deferred outflows of resources . . . . .	166,955	79,681	246,636
<b>Liabilities:</b>			
Accounts payable. . . . .	185	35,922	36,107
Accrued wages and benefits . . . . .	194,090	87,817	281,907
Compensated absences. . . . .	49,412	14,988	64,400
Pension obligation payable. . . . .	30,018	28,464	58,482
Interfund loan payable . . . . .	200,000	60,000	260,000
Intergovernmental payable . . . . .	8,049	3,867	11,916
Total current liabilities . . . . .	481,754	231,058	712,812
Long-term liabilities:			
Compensated absences payable. . . . .	223,050	46,551	269,601
Net pension liability (see Note 12) . . . . .	2,337,533	897,838	3,235,371
Total long-term liabilities . . . . .	2,560,583	944,389	3,504,972
Total liabilities . . . . .	3,042,337	1,175,447	4,217,784
<b>Deferred inflows of resources:</b>			
Pension - STRS . . . . .	390,845	-	390,845
Pension - SERS . . . . .	36,502	145,722	182,224
Total deferred inflows of resources . . . . .	427,347	145,722	573,069
<b>Net position:</b>			
Investment in capital assets . . . . .	9,270	1,492,307	1,501,577
Unrestricted (deficit) . . . . .	(2,032,874)	(938,854)	(2,971,728)
Total net position (deficit) . . . . .	\$ (2,023,604)	\$ 553,453	(1,470,151)
Adjustment to reflect consolidation of the internal service fund activities related to enterprise funds . . . . .			(75,617)
Net position of business-type activities . . . . .			\$ (1,545,768)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<b>Education Costs for Outside Entities</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Business-Type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating revenues:</b>				
Tuition and fees. . . . .	\$ 1,325,184	\$ 67,306	\$ 1,392,490	\$ -
Sales/charges for services. . . . .	-	466,968	466,968	-
Other . . . . .	11,093	14,193	25,286	-
Rental income. . . . .	46,860	38,964	85,824	-
Total operating revenues . . . . .	<u>1,383,137</u>	<u>587,431</u>	<u>1,970,568</u>	<u>-</u>
<b>Operating expenses:</b>				
Personal services. . . . .	1,390,236	718,673	2,108,909	-
Purchased services. . . . .	312,916	844,536	1,157,452	452,262
Materials and supplies . . . . .	61,900	211,818	273,718	-
Other. . . . .	-	3,764	3,764	-
Depreciation . . . . .	1,183	51,878	53,061	-
Total operating expenses. . . . .	<u>1,766,235</u>	<u>1,830,669</u>	<u>3,596,904</u>	<u>452,262</u>
Operating loss . . . . .	<u>(383,098)</u>	<u>(1,243,238)</u>	<u>(1,626,336)</u>	<u>(452,262)</u>
<b>Nonoperating revenues:</b>				
Grants and subsidies. . . . .	256,290	1,088,740	1,345,030	-
Interest revenue . . . . .	175	393	568	970
Federal donated commodities . . . . .	-	104,332	104,332	-
Contributions and donations . . . . .	-	92,000	92,000	-
Total nonoperating revenues. . . . .	<u>256,465</u>	<u>1,285,465</u>	<u>1,541,930</u>	<u>970</u>
Change in net position . . . . .	(126,633)	42,227	(84,406)	(451,292)
<b>Net position at beginning of year (restated) .</b>	<u>(1,896,971)</u>	<u>511,226</u>	<u>(1,385,745)</u>	<u>451,292</u>
<b>Net position at end of year . . . . .</b>	<u>\$ (2,023,604)</u>	<u>\$ 553,453</u>	<u>\$ (1,470,151)</u>	<u>\$ -</u>
<b>Reconciliation to statement of activities:</b>				
Change in net position . . . . .			\$ (84,406)	
Adjustment to reflect consolidation of the internal service fund activities related to enterprise funds . . . . .			<u>(34,660)</u>	
Change in net position of business-type activities . . . . .			<u>\$ (119,066)</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<b>Education Costs for Outside Entities</b>	<b>Nonmajor Enterprise Funds</b>	<b>Total Business-Type Activities - Enterprise Funds</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>				
Cash received from tuition and fees . . . . .	\$ 1,550,658	\$ 66,466	\$ 1,617,124	\$ -
Cash received from sales/charges for services. . . . .	-	467,437	467,437	-
Cash received from rentals . . . . .	46,860	38,964	85,824	-
Cash received from other operations . . . . .	11,093	14,193	25,286	-
Cash payments for personal services. . . . .	(1,476,480)	(755,765)	(2,232,245)	-
Cash payments for purchased services . . . . .	(312,756)	(832,810)	(1,145,566)	(441,961)
Cash payments for materials and supplies . . . . .	(61,900)	(89,246)	(151,146)	-
Cash payments for other expenses . . . . .	-	(3,764)	(3,764)	-
Net cash (used in) operating activities . . . . .	<u>(242,525)</u>	<u>(1,094,525)</u>	<u>(1,337,050)</u>	<u>(441,961)</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash received from grants and subsidies. . . . .	256,290	1,118,703	1,374,993	-
Cash received from contributions and donations . . . . .	-	92,000	92,000	-
Cash received from interfund loans . . . . .	200,000	60,000	260,000	-
Cash used in repayment of interfund loans. . . . .	(40,000)	(62,000)	(102,000)	-
Net cash provided by noncapital financing activities . . . . .	<u>416,290</u>	<u>1,208,703</u>	<u>1,624,993</u>	<u>-</u>
<b>Cash flows from investing activities:</b>				
Interest received . . . . .	175	393	568	970
Net cash provided by investing activities . . . . .	<u>175</u>	<u>393</u>	<u>568</u>	<u>970</u>
Net increase (decrease) in cash and cash equivalents . . . . .	173,940	114,571	288,511	(440,991)
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>64,289</b>	<b>173,280</b>	<b>237,569</b>	<b>440,991</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b><u>\$ 238,229</u></b>	<b><u>\$ 287,851</u></b>	<b><u>\$ 526,080</u></b>	<b><u>\$ -</u></b>
<b>Reconciliation of operating loss to net cash (used in) operating activities:</b>				
Operating loss . . . . .	\$ (383,098)	\$ (1,243,238)	\$ (1,626,336)	\$ (452,262)
Adjustments:				
Depreciation. . . . .	1,183	51,878	53,061	-
Federal donated commodities . . . . .	-	104,332	104,332	-
Changes in assets and liabilities:				
Decrease in inventory held for resale . . . . .	-	18,196	18,196	-
(Increase) decrease in accounts receivable. . . . .	(33,995)	(371)	(34,366)	10,301
Decrease in intergovernmental receivable. . . . .	278,506	-	278,506	-
(Increase) in due from other funds . . . . .	(19,037)	-	(19,037)	-
Increase in accounts payable . . . . .	160	11,770	11,930	-
Increase in accrued wages and benefits . . . . .	2,006	8,800	10,806	-
(Decrease) in intergovernmental payable. . . . .	(1,693)	(819)	(2,512)	-
Increase in compensated absences payable. . . . .	56,024	5,716	61,740	-
(Decrease) in net pension liability . . . . .	(546,340)	(185,721)	(732,061)	-
(Increase) in deferred outflows - pensions . . . . .	(28,440)	(6,296)	(34,736)	-
Increase in deferred intflows - pensions . . . . .	427,347	145,722	573,069	-
Increase (decrease) in pension obligation payable. . . . .	4,852	(4,494)	358	-
Net cash used in operating activities . . . . .	<u>\$ (242,525)</u>	<u>\$ (1,094,525)</u>	<u>\$ (1,337,050)</u>	<u>\$ (441,961)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2015

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . .	\$ 1,205	\$ 225,667
Receivables:		
Accounts . . . . .	-	2,643
Total assets. . . . .	1,205	\$ 228,310
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 1,740
Intergovernmental payable . . . . .	-	9,450
Due to students. . . . .	-	217,120
Total liabilities . . . . .	-	\$ 228,310
<b>Net position:</b>		
Held in trust for scholarships . . . . .	1,205	
Total net position. . . . .	\$ 1,205	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Private-Purpose Trust</u>
	<u>Scholarship</u>
Net position at beginning of year. . . . .	\$ 1,205
Net position at end of year . . . . .	<u>\$ 1,205</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 1 - DESCRIPTION OF THE DISTRICT**

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

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**A. Reporting Entity**

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

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

The City of Wooster and the Wooster Public Library perform activities within the District's boundaries for the benefit of residents and are excluded from accompanying financial statements of the District. Both are legally separate entities that are not fiscally dependent on the District. The District is not financially accountable for either of these two entities.

The District participates in three public entity risk pools and one jointly governed organization. These organizations include the Ohio School Comp Workers' Compensation Group Rating Program (GRP), the Stark County Schools Council of Governments Health Benefit Plan (Stark County Schools COG HBP) and the Midland COG. These organizations are presented in Notes 10 and 14 to the basic financial statements.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**B. Basis of Presentation**

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

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

Fund Financial Statements - During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**C. Fund Accounting**

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

**GOVERNMENTAL FUNDS**

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

The following are the District's major governmental funds:

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

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

*PROPRIETARY FUND TYPE*

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

*Enterprise Funds* - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the District's major enterprise fund:

*Education Costs for Outside Entities* - The education costs for outside entities fund is used to account for tuition, grants and other resources used to support the operations of Boys Village School and the IB program which are utilized by outside entities.

The nonmajor enterprise funds are used to account for food service, uniform school supplies, recreation center, and before/after school child care.

*Internal Service Funds* - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's internal service funds account for a former self-insurance program for employee health insurance benefits and employee dental benefits. The self-insurance programs ended December 31, 2012 with run out claims being paid in fiscal years 2013 and 2014. During fiscal year 2015, the District's Board of Education approved the closure of these funds. The remaining cash reserves were liquidated by providing a partial month health insurance premium holiday to both employer and employees. The premium holiday was structured proportionate to the percentage of premium share paid in each month. The insurance payments were made to the Stark County Schools COG HBP (see Note 10.C).

*FIDUCIARY FUNDS*

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

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**D. Measurement Focus**

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

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund activities.

**E. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and deferred outflows of resources, and in the presentation of expenses versus expenditures.

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

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 5). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources have been reported for the following two items related the District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the District's contributions to the pension systems subsequent to the measurement date. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and interest earnings. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

The District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments related to the District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

**F. Cash and Cash Equivalents**

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

During fiscal year 2015, investments were limited to a repurchase agreement, non-negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements and non-negotiable certificates of deposit, are reported at cost.

The District invested funds in STAR Ohio during fiscal year 2015. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2015.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$96,044, which includes \$1,455 assigned from other District funds.

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

**G. Inventory**

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

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**H. Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District had no restricted assets at June 30, 2015.

**I. Capital Assets**

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

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

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

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

**J. Interfund Balances**

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

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**K. Compensated Absences**

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

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

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

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

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

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

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**L. Accrued Liabilities and Long-Term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.



**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**M. Issuance Costs/Bond Premiums and Discounts and Accounting Gain or Loss on Debt Refunding**

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from debt refunding are recognized in the current period.

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 8.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

**N. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing (including contracts and retainage payable) used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for school support.

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

**O. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

**P. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service, uniform school supplies, recreation center fees, tuition and fees for Boys Village and IB program, and charges for services for before/after school child care. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as nonoperating.

**Q. Contributions of Capital**

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

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

**R. Interfund Activity**

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

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**S. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2015.

**U. Estimates**

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

**V. Budgetary Data**

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

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles/Restatement of Net Position**

For fiscal year 2015, the District has implemented GASB Statement No. 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27", GASB Statement No. 69 "Government Combinations and Disposals of Government Operations", and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 68 improves the accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The implementation of GASB Statement No. 68 affected the District's pension plan disclosures, as presented in Note 12 to the financial statements, and added required supplementary information which is presented after the notes to the financial statements.

GASB Statement No. 71 improves the accounting and financial reporting by addressing an issue in GASB Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities.

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

A net position restatement is required in order to implement GASB Statement No 68 and 71. The net position of the governmental activities and business-type activities at July 1, 2014 have been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net position as previously reported	\$ 50,035,468	\$ 2,328,830
Deferred outflows - payments subsequent to measurement date	2,825,384	211,900
Net pension liability	<u>(57,005,902)</u>	<u>(3,967,432)</u>
Restated net position at July 1, 2014	<u>\$ (4,145,050)</u>	<u>\$ (1,426,702)</u>

For reporting at June 30, 2015, the education costs for outside entities fund is considered a major enterprise fund. As such, the fund will be reclassified from nonmajor enterprise funds and be reported separately on the Districts' financial statements. In addition, a net position restatement is required in order to implement GASB Statement No 68 and 71. The net position of the enterprise funds net position at July 1, 2014 have been restated as follows:

	<u>Education Costs for Outside Entities</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Net position as previously reported	\$ -	\$ 2,369,787	\$ 2,369,787
Fund reclassification due to major fund reporting	848,387	(848,387)	-
Deferred outflows - payments subsequent to measurement date	138,515	73,385	211,900
Net pension liability	<u>(2,883,873)</u>	<u>(1,083,559)</u>	<u>(3,967,432)</u>
Restated net position at July 1, 2014	<u>\$ (1,896,971)</u>	<u>\$ 511,226</u>	<u>\$ (1,385,745)</u>

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances of the governmental funds.

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances/Net Position**

Fund balances/net position at June 30, 2015 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Public school preschool	\$ 777
Alternative schools	196
IDEA, Part B	210,347
Title I	41,601
<u>Major enterprise fund</u>	
Education costs for outside entities	2,023,604
<u>Nonmajor enterprise funds</u>	
Food service	947,976
Before/after school child care	28,882

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

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

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

**A. Deposits with Financial Institutions**

At June 30, 2015, the carrying amount of all District deposits, including \$21,500,000 in nonnegotiable certificates of deposit, was \$38,395,993. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, the District's entire bank balance of \$39,274,072 was covered by the Federal Deposit Insurance Corporation.

**B. Investments**

As of June 30, 2015, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturity 6 months or less</u>
Repurchase agreement	\$ 1,472,421	\$ 1,472,421
STAR Ohio	<u>1,000,477</u>	<u>1,000,477</u>
Total	<u>\$ 2,472,898</u>	<u>\$ 2,472,898</u>

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

*Credit Risk:* The District's investments in the federal agency securities that underlie the District's repurchase agreement were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2015, is 53 days and carries a rating of AAAM by Standard and Poor's.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The 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.

*Concentration of Credit Risk:* The District places no limit on the amount the District may invest in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2015:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreement	\$ 1,472,421	59.54
STAR Ohio	<u>1,000,477</u>	<u>40.46</u>
Total	<u>\$ 2,472,898</u>	<u>100.00</u>

**C. Reconciliation of cash and investments to the statement of net position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported above on the statement of net position as of June 30, 2015:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 38,395,993
Investments	<u>2,472,898</u>
Total	<u>\$ 40,868,891</u>

<u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 40,115,939
Business-type activities	526,080
Private-purpose trust fund	1,205
Agency fund	<u>225,667</u>
Total	<u>\$ 40,868,891</u>

**WOOSTER CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Wayne County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 was \$1,673,893 in the general fund, \$189,859 in the debt service fund and \$30,548 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2014 was \$1,754,490 in the general fund, \$183,027 in the debt service fund and \$31,955 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 5 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 600,288,670	96.48	\$ 605,610,510	96.43
Public utility personal	<u>21,886,760</u>	<u>3.52</u>	<u>22,407,060</u>	<u>3.57</u>
Total	<u>\$ 622,175,430</u>	<u>100.00</u>	<u>\$ 628,017,570</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 79.50		\$ 79.90	

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2015 consisted of taxes, accounts, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables reported on the statement of net position follows:

	<u>Tuition Costs</u>	<u>State and Federal Grants</u>	<u>SERS Overpayment</u>	<u>Total</u>
Governmental activities	\$ 144,264	\$ 731,581	\$ 158,110	\$ 1,033,955
Business-type activities	<u>809,215</u>	<u>-</u>	<u>-</u>	<u>809,215</u>
Total	<u>\$ 953,479</u>	<u>\$ 731,581</u>	<u>\$ 158,110</u>	<u>\$ 1,843,170</u>

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

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	<u>Balance</u> <u>06/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/15</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,507,355	\$ -	\$ (152,943)	\$ 2,354,412
Construction in progress	<u>1,070,367</u>	<u>2,232,747</u>	<u>(2,804,236)</u>	<u>498,878</u>
Total capital assets, not being depreciated	<u>3,577,722</u>	<u>2,232,747</u>	<u>(2,957,179)</u>	<u>2,853,290</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	3,130,853	1,414,772	(339,028)	4,206,597
Buildings and improvements	50,024,414	533,725	(561,893)	49,996,246
Furniture and equipment	1,872,103	872,875	(39,367)	2,705,611
Vehicles	2,459,833	239,303	(240,023)	2,459,113
Textbooks	158,895	-	(158,895)	-
Ice arena *	<u>4,517,809</u>	<u>-</u>	<u>-</u>	<u>4,517,809</u>
Total capital assets, being depreciated	<u>62,163,907</u>	<u>3,060,675</u>	<u>(1,339,206)</u>	<u>63,885,376</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(3,043,743)	(46,722)	324,604	(2,765,861)
Buildings and improvements	(25,215,897)	(837,085)	554,151	(25,498,831)
Furniture and equipment	(1,171,736)	(162,998)	22,155	(1,312,579)
Vehicles	(1,677,648)	(176,710)	224,324	(1,630,034)
Textbooks	(158,895)	-	158,895	-
Ice arena *	<u>(1,174,628)</u>	<u>(90,357)</u>	<u>-</u>	<u>(1,264,985)</u>
Total accumulated depreciation	<u>(32,442,547)</u>	<u>(1,313,872)</u>	<u>1,284,129</u>	<u>(32,472,290)</u>
Governmental activities capital assets, net	<u>\$ 33,299,082</u>	<u>\$ 3,979,550</u>	<u>\$ (3,012,256)</u>	<u>\$ 34,266,376</u>

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 7 - CAPITAL ASSETS - (Continued)**

	<u>Balance</u> <u>06/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/15</u>
<b>Business-type activities:</b>				
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	\$ 2,535,383	\$ -	\$ -	\$ 2,535,383
Furniture and equipment	<u>374,573</u>	<u>-</u>	<u>(32,188)</u>	<u>342,385</u>
Total capital assets, being depreciated	<u>2,909,956</u>	<u>-</u>	<u>(32,188)</u>	<u>2,877,768</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(997,252)	(50,707)	-	(1,047,959)
Furniture and equipment	<u>(358,066)</u>	<u>(2,354)</u>	<u>32,188</u>	<u>(328,232)</u>
Total accumulated depreciation	<u>(1,355,318)</u>	<u>(53,061)</u>	<u>32,188</u>	<u>(1,376,191)</u>
Business-type activities capital assets, net	<u>\$ 1,554,638</u>	<u>\$ (53,061)</u>	<u>\$ -</u>	<u>\$ 1,501,577</u>

Depreciation expense was charged to governmental functions as follows:

**Governmental activities:**

Instruction:

Regular \$ 781,135

Support Services:

Administration 1,296

Operations and maintenance of plant 223,324

Pupil transportation 168,667

Central 2,061

Extracurricular activities 47,032

Depreciation expense not included

in other functions \* 90,357

Total governmental activities \$ 1,313,872

**Business-type activities:**

Food service \$ 1,171

Community recreation 50,707

Boys Village 1,183

Total business-type activities \$ 53,061

\*The ice arena was donated to the District and is operated by the Donald and Alice Noble foundation, Inc. The District does not collect any fees or pay any expenses to operate the facility.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8 - LONG-TERM OBLIGATIONS**

During the fiscal year 2015, the following activity occurred in the District's long-term obligations. The long-term obligations at June 30, 2014 have been restated as described in Note 3.A.

	Restated Balance <u>06/30/14</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>06/30/15</u>	Amount Due Within <u>One Year</u>
<b><u>Governmental activities:</u></b>					
<u>Note payable:</u>					
Energy conservation note					
Interest rate 3.32% through 2018	\$ 950,000	\$ -	\$ (178,000)	\$ 772,000	\$ 184,000
<u>General obligation bonds payable:</u>					
1997 bond refunding					
3.8% - 4.6% through 2014	430,000	-	(430,000)	-	-
2004 bond refunding					
2.5% - 4.1% through 2018	1,275,002	-	(240,000)	1,035,002	250,000
2007 bond refunding					
4.00% - 4.15% through 2016	7,800,000	-	(2,195,000)	5,605,000	2,750,000
Capital appreciation bonds	1,955,000	-	-	1,955,000	-
Accretion on CAB's	617,246	107,870	-	725,116	-
Premium on debt issuance	87,500	-	(21,875)	65,625	-
Total bonds and notes	<u>13,114,748</u>	<u>107,870</u>	<u>(3,064,875)</u>	<u>10,157,743</u>	<u>3,184,000</u>
Net pension liability:					
STRS	47,314,226	-	(7,527,939)	39,786,287	-
SERS	9,691,676	-	(1,398,685)	8,292,991	-
Total net pension liability	<u>57,005,902</u>	<u>-</u>	<u>(8,926,624)</u>	<u>48,079,278</u>	<u>-</u>
Capital lease obligation	-	100,152	(8,929)	91,223	18,540
Compensated absences	3,882,751	519,998	(561,533)	3,841,216	729,416
Total long-term obligations	<u>\$ 74,003,401</u>	<u>\$ 728,020</u>	<u>\$ (12,561,961)</u>	<u>\$ 62,169,460</u>	<u>\$ 3,931,956</u>
<b><u>Business-type activities:</u></b>					
Net pension liability:					
STRS	\$ 2,595,490	\$ -	\$ (482,860)	\$ 2,112,630	\$ -
SERS	1,371,942	-	(249,201)	1,122,741	-
Total net pension liability	<u>3,967,432</u>	<u>-</u>	<u>(732,061)</u>	<u>3,235,371</u>	<u>-</u>
Compensated absences	272,261	81,823	(20,083)	334,001	64,400
Total long-term obligations	<u>\$ 4,239,693</u>	<u>\$ 81,823</u>	<u>\$ (752,144)</u>	<u>\$ 3,569,372</u>	<u>\$ 64,400</u>

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

In 1997, the District issued \$24,994,832 in refunded general obligation bonds. These include current interest bonds which matured December 2014.

In 2004, the District issued \$3,010,000 in refunded general obligation bonds. These include current interest bonds which mature in December 2018.

On September 27, 2007, the District issued \$9,755,000 in refunded general obligation bonds. These include current interest bonds which mature in December 2016, and capital appreciation bonds which mature in December 2017. The proceeds of the bonds were used to refund \$9,852,550 of the District's outstanding capital improvement bonds. The bonds were issued for an 11 year period with final maturity at December 1, 2017. At the date of the refunding, \$9,995,619 (including premium and after underwriting fees) was deposited in the debt service fund for the payment on the refunded bonds to the bond escrow agent. As of June 30, 2015, \$7,560,000 of these bonds are considered defeased.

These refunding bonds were issued with a premium of \$240,619, which is reported as an increase to bonds payable. The amount is being amortized to interest expenses over the life of the bonds using the straight-line method. There was \$21,875 in amortization recorded for June 30, 2015. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$97,550.

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

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

See Note 18 for further information on the District's capital lease obligations.

See Note 12 for further information on the District's net pension liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

Future Debt Service Requirements

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2015, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Accretion	Total
2016	\$ 3,000,000	\$ 205,170	\$ 3,205,170	\$ -	\$ -	\$ -
2017	3,110,000	83,474	3,193,474	-	-	-
2018	260,000	16,201	276,201	1,955,000	1,015,000	2,970,000
2019	270,002	5,468	275,470	-	-	-
Total	<u>\$ 6,640,002</u>	<u>\$ 310,313</u>	<u>\$ 6,950,315</u>	<u>\$ 1,955,000</u>	<u>\$ 1,015,000</u>	<u>\$ 2,970,000</u>

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

Principal and interest requirements to retire notes payable at June 30, 2015, are as follows:

Fiscal Year Ending June 30,	Energy Conservation Notes		
	Principal	Interest	Total
2016	\$ 184,000	\$ 22,019	\$ 206,019
2017	190,000	15,964	205,964
2018	196,000	9,714	205,714
2019	<u>202,000</u>	<u>3,270</u>	<u>205,270</u>
Total	<u>\$ 772,000</u>	<u>\$ 50,967</u>	<u>\$ 822,967</u>

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2015, are a voted debt margin of \$49,858,250 (including available funds of \$1,931,671) and an unvoted energy conservation debt margin of \$4,880,158.

**NOTE 9 - INTERFUND TRANSACTIONS**

A. Transfers for the year ended June 30, 2015 consisted of the following:

	Transfer In	Transfer Out
General fund	\$ -	\$ 2,730,000
Debt service fund	210,000	-
Nonmajor governmental funds	<u>2,520,000</u>	<u>-</u>
Total	<u>\$ 2,730,000</u>	<u>\$ 2,730,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The \$2,520,000 transfer from the general fund was made to the permanent improvement fund to finance various construction/improvement projects. Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.



**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 9 - INTERFUND TRANSACTIONS - (Continued)**

**B.** Interfund loans receivable/payable at June 30, 2015 consisted of the following:

	Interfund Receivable	Interfund Payable
General fund	\$ 593,425	\$ -
Nonmajor governmental funds	-	333,425
Education costs for outside entities fund	-	200,000
Nonmajor enterprise funds	-	60,000
Total	\$ 593,425	\$ 593,425

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide statement of net position. Interfund balances between governmental funds and enterprise funds are reported as a component of internal balance on the government-wide statement of net position.

**C.** Amounts due to/due from other funds at June 30, 2015 consisted of the following:

	Due From Other Funds	Due To Other Funds
General fund	\$ -	\$ 162,476
Education costs for outside entities fund	162,476	-
Total	\$ 162,476	\$ 162,476

Balances due to/due from other funds resulted from the routine lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in accounting system and payments between funds are made. Amounts due to/from other funds between governmental funds and enterprise funds are reported as a component of the internal balance reported on the government fund statement of net position.

**NOTE 10 - RISK MANAGEMENT**

**A. Property and Liability**

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

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

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 10 - RISK MANAGEMENT - (Continued)**

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

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

**B. Workers' Compensation**

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

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

**C. Employee Health, Prescription Drug and Dental Insurance**

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

**NOTE 11 - COMPENSATED ABSENCES**

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

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 11 - COMPENSATED ABSENCES - (Continued)**

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

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

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

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

*Net Pension Liability*

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *pension obligation payable* on both the accrual and modified accrual bases of accounting.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Plan Description - School Employees Retirement System (SERS)***

Plan Description –District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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 by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District’s contractually required contribution to SERS was \$755,484 for fiscal year 2015. Of this amount \$71,036 is reported as pension obligation payable.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description –District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member’s defined contribution account or the defined contribution portion of a member’s Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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.

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS was \$2,511,914 for fiscal year 2015. Of this amount, \$413,804 is reported as pension obligation payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 9,415,732	\$ 41,898,917	\$ 51,314,649
Proportion of the net pension liability	0.18604700%	0.17225722%	
Pension expense	\$ 549,470	\$ 1,625,283	\$ 2,174,753

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 80,138	\$ 403,368	\$ 483,506
District contributions subsequent to the measurement date	<u>755,484</u>	<u>2,511,914</u>	<u>3,267,398</u>
Total deferred outflows of resources	<u>\$ 835,622</u>	<u>\$2,915,282</u>	<u>\$3,750,904</u>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$1,528,200</u>	<u>\$7,751,459</u>	<u>\$9,279,659</u>

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$3,267,398 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$ (362,015)	\$ (1,837,023)	\$ (2,199,038)
2017	(362,015)	(1,837,023)	(2,199,038)
2018	(362,015)	(1,837,023)	(2,199,038)
2019	<u>(362,017)</u>	<u>(1,837,022)</u>	<u>(2,199,039)</u>
Total	<u>\$ (1,448,062)</u>	<u>\$ (7,348,091)</u>	<u>\$ (8,796,153)</u>

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u><u>100.00 %</u></u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.



**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 13,433,452	\$ 9,415,732	\$ 6,063,483

***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$ 59,982,868	\$ 41,898,917	\$ 26,605,980

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**Health Care Plan Description** - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the District's surcharge obligation was \$99,981.

The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$141,094, \$99,605, and \$102,687, respectively. For fiscal year 2015, 91.59 percent has been contributed, with the balance being reported as pension obligation payable. The full amount has been contributed for fiscal years 2014 and 2013.

**B. State Teachers Retirement System**

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$181,003, and \$185,496 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE 14 - JOINTLY GOVERNED ORGANIZATION**

The Midland COG is a jointly governed organization among twenty-two boards of education. The Midland COG was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Midland COG is provided by member fees levied according to the number of students within each member's respective district. The Executive Committee determines and sets the fees for all services. During the fiscal year ended June 30, 2015, the District paid \$277,547 to the Midland COG for basic service charges.

Representation on the Midland COG consists of one member appointed by each member board of education. The representative shall be the Superintendent, Assistant Superintendent or Treasurer of the member district board of education. The Midland COG is governed by the Executive Committee who is elected for two year terms except the position of Fiscal Agent Superintendent which is a permanent appointment. The Executive Committee consists of seven members. The members are two Superintendents, two Treasurers, two members-at-large and the Fiscal Agent Superintendent.

**NOTE 15 - CONTINGENCIES AND SIGNIFICANT COMMITMENTS**

**A. Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2015, if applicable, cannot be determined at this time.

**B. Litigation**

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

**C. Foundation Funding**

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 15 - CONTINGENCIES AND SIGNIFICANT COMMITMENTS - (Continued)**

**D. Contractual Commitments**

At June 30, 2015, the District had the following contractual commitments for construction projects:

Project	Contractor	Contractual Commitment	Expenditures Through 6/30/2015	Balance 6/30/2015
Gault recreation center lighting replacement	Abbott Electric	\$ 92,000	\$ -	\$ 92,000
Boiler replacement at Edgewood middle school	Schmid Mechanical	167,597	(99,000)	68,597
Follis field improvements	Imhoff	<u>596,957</u>	<u>(52,012)</u>	<u>544,945</u>
Total		<u>\$ 856,554</u>	<u>\$ (151,012)</u>	<u>\$ 705,542</u>

**E. Encumbrance Commitments**

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

Fund	Amount
General fund	\$ 910,378
Other governmental funds	<u>1,296,955</u>
Total	<u>\$ 2,207,333</u>

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 3,212,620
Net adjustment for revenue accruals	26,731
Net adjustment for expenditure accruals	(60,483)
Net adjustment for other sources/uses	128,237
Funds budgeted elsewhere **	3,489
Adjustment for encumbrances	<u>1,131,364</u>
Budget basis	<u>\$ 4,441,958</u>

\*\* The public school support fund is legally budgeted as a separate special revenue fund; however, it is considered part of the general fund on a GAAP basis.

**NOTE 17 - SET-ASIDES**

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

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 17 - SET-ASIDES - (Continued)**

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2014	\$ -
Current year set-aside requirement	636,688
Current year qualifying expenditures	(994,079)
Current year offsets	<u>(583,171)</u>
Total	<u>\$ (940,562)</u>
Balance carried forward to fiscal year 2016	<u>\$ -</u>
Set-aside balance June 30, 2015	<u><u>\$ -</u></u>

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

**NOTE 18 - CAPITAL LEASES - LESSEE DISCLOSURE**

During fiscal year 2015, the District entered into capital lease agreements for printing equipment. These leases meet the criteria of a capital lease as defined by GASB, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances - general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. No capital assets were acquired by the lease agreement as the individual assets acquired did not exceed the District's threshold for capitalization.

A corresponding liability for future principal payments on the lease agreement was recorded in the statement of net position. Principal payments in the 2015 fiscal year totaled \$8,929. This amount is reflected as debt service principal retirement in the general fund and as a reduction to the long-term liabilities reported on the statement of net position.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

**NOTE 18 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2015.

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2016	\$ 22,680
2017	22,680
2018	22,680
2019	22,680
2020	<u>11,340</u>
Total	102,060
Less: amount representing interest	<u>(10,837)</u>
Present value of minimum lease payments	<u>\$ 91,223</u>



REQUIRED SUPPLEMENTARY INFORMATION

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TWO FISCAL YEARS

	<u>2014</u>	<u>2013</u>
District's proportion of the net pension liability	0.18604700%	0.18604700%
District's proportionate share of the net pension liability	\$ 9,415,732	\$ 11,063,618
District's covered-employee payroll	\$ 5,406,154	\$ 6,813,960
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.17%	162.37%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

Note: Information prior to fiscal year 2013 was unavailable.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TWO FISCAL YEARS

	<b>2014</b>	<b>2013</b>
District's proportion of the net pension liability	0.17225722%	0.17225722%
District's proportionate share of the net pension liability	\$ 41,898,917	\$ 49,909,716
District's covered-employee payroll	\$ 17,599,931	\$ 18,842,892
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	238.06%	264.87%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%

Note: Information prior to fiscal year 2013 was unavailable.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 755,484	\$ 749,293	\$ 943,052	\$ 876,028	\$ 776,163
Contributions in relation to the contractually required contribution	<u>(755,484)</u>	<u>(749,293)</u>	<u>(943,052)</u>	<u>(876,028)</u>	<u>(776,163)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 5,732,049	\$ 5,406,154	\$ 6,813,960	\$ 6,513,219	\$ 6,174,726
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%	12.57%

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 899,542	\$ 644,779	\$ 579,654	\$ 494,733	\$ 479,766
<u>(899,542)</u>	<u>(644,779)</u>	<u>(579,654)</u>	<u>(494,733)</u>	<u>(479,766)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,643,589	\$ 6,552,632	\$ 5,902,790	\$ 4,632,331	\$ 4,534,650
13.54%	9.84%	9.82%	10.68%	10.58%

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 2,511,914	\$ 2,287,991	\$ 2,449,576	\$ 2,578,876	\$ 2,638,718
Contributions in relation to the contractually required contribution	<u>(2,511,914)</u>	<u>(2,287,991)</u>	<u>(2,449,576)</u>	<u>(2,578,876)</u>	<u>(2,638,718)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 17,942,243	\$ 17,599,931	\$ 18,842,892	\$ 19,837,508	\$ 20,297,831
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%	13.00%

<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 2,682,711	\$ 2,604,608	\$ 2,576,194	\$ 2,327,826	\$ 2,217,740
<u>(2,682,711)</u>	<u>(2,604,608)</u>	<u>(2,576,194)</u>	<u>(2,327,826)</u>	<u>(2,217,740)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 20,636,238	\$ 20,035,446	\$ 19,816,877	\$ 17,906,354	\$ 17,059,538
13.00%	13.00%	13.00%	13.00%	13.00%

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for fiscal year 2014 and 2015.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014 and 2015. See the notes to the basic financial statements for the methods and assumptions in this calculation.



November 13, 2015

To the Board of Education  
Wooster City School District  
Wayne County, Ohio  
144 North Market Street  
Wooster, OH 44691

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wooster City School District, Wayne County, Ohio (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 13, 2015, in which we noted the District restated net position to account for a new major fund and the implementation of GASB Statement No. 68 and GASB Statement No. 71.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Hea & Associates, Inc.*

New Philadelphia, Ohio

November 13, 2015

To the Board of Education  
Wooster City School District  
Wayne County, Ohio  
144 North Market Street  
Wooster, OH 44691

**Independent Auditor's Report on Compliance for Each Major Federal Program; and  
Report on Internal Control over Compliance  
Required by OMB Circular A-133**

**Report on Compliance for Each Major Federal Program**

We have audited the Wooster City School District's, Wayne County, Ohio (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

**Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Rea & Associates, Inc.*

New Philadelphia, Ohio

**Wooster City School District**  
**Wayne County, Ohio**  
*Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2015*

Federal Grantor/ Pass Through Grantor Program Title	Program Year	Federal CFDA Number	Receipts	Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through the Ohio Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program (B)	2015	10.553	\$ 183,815	\$ 183,815
National School Lunch Program (B)	2015	10.555	746,769	746,769
Food Commodity Distribution (C)	2015	10.555	104,332	104,332
Summer Food Service Program for Children	2015	10.559	79,657	79,657
Total Child Nutrition Cluster			<u>1,114,573</u>	<u>1,114,573</u>
Child and Adult Care Food Program	2015	10.558	88,700	88,700
School Nutrition Mini Grant	2014	10.574	-	500
<b>Total U.S. Department of Agriculture</b>			<u><b>1,203,273</b></u>	<u><b>1,203,773</b></u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through the Ohio Department of Education:</i>				
Special Education - Grants to States (IDEA Part B)	2014	84.027	198,042	105,354
	2015	84.027	669,019	731,747
Total Special Education - Grants to States (IDEA Part B)			<u>867,061</u>	<u>837,101</u>
Title I Grants to Local Educational Agencies	2014	84.010	281,851	210,721
	2015	84.010	664,529	739,384
Total Title I Grants to Local Educational Agencies			<u>946,380</u>	<u>950,105</u>
Improving Teacher Quality State Grants (Title II-A)	2014	84.367	42,255	20,862
	2015	84.367	183,724	199,826
Total Improving Teacher Quality State Grants (Title II-A)			<u>225,979</u>	<u>220,688</u>
<b>Total U.S. Department of Education</b>			<u><b>2,039,420</b></u>	<u><b>2,007,894</b></u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<i>Passed Through the Wayne County Department of Job and Family Services:</i>				
Temporary Assistance for Needy Families	2015	93.558	104,901	104,828
<b>Total U.S. Department of Health and Human Services</b>			<u><b>104,901</b></u>	<u><b>104,828</b></u>
<b>Totals</b>			<u><b>\$ 3,347,594</b></u>	<u><b>\$ 3,316,495</b></u>

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

**Wooster City School District**  
**Wayne County, Ohio**  
*Notes to the Schedule of Expenditures of Federal Awards*  
*For the Fiscal Year Ended June 30, 2015*

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**Note A – Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) reports the District’s federal award programs’ receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**Note B – Commingled Funds**

Federal money is commingled with state subsidy reimbursements for the Child Nutrition Cluster. It is assumed federal moneys are expended first.

**Note C – Food Donation Program**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).

**Note D – Ohio Bureau of Workers’ Compensation Rebate**

Ohio’s workers’ compensation system serves as an insurance program for both employers and employees alike. For those who contribute premiums, the Ohio Bureau of Workers’ Compensation (BWC) covers the payment of compensation and medical costs related to industrial accidents and diseases. The BWC invested contributions over a three-year period which generated a greater than anticipated return. In September 2014, the Ohio BWC Board of Directors authorized a \$1 billion rebate for more than 210,000 public and private entities paying into Ohio’s workers’ compensation system. Each employer’s rebate reflected 60% of what they were billed during the last policy period (2012 calendar year for public-taxing districts). Using policy year 2012 as the base year for calculation, the District allocated its BWC rebate back to all funds, including Federal funds, providing the source of initial premium payments to the BWC. The subsequent expenditure of the rebate attributable to Federal programs is reflected on the District’s Schedule as a negative expenditure.

**Wooster City School District**  
**Wayne County, Ohio**  
*Schedule of Findings and Questioned Costs*  
*OMB Circular A-133, Section .505*  
*June 30, 2015*

**1. SUMMARY OF AUDITOR'S RESULTS**

(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Child Nutrition Cluster: School Breakfast Program National School Lunch Program Summer Food Service Program	CFDA #  10.553 10.555 10.559
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**WOOSTER CITY SCHOOL DISTRICT**

**WAYNE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 26, 2016**