

**WAYNE COUNTY SCHOOLS  
CAREER CENTER**

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*Basic Financial Statements*

***Year Ended June 30, 2009***





Mary Taylor, CPA  
Auditor of State

Board of Education  
Wayne County Schools Career Center  
518 West Prospect St.  
Smithville, Ohio 44677

We have reviewed the *Independent Auditor's Report* of the Wayne County Schools Career Center, Wayne County, prepared by Rea & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. 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 Wayne County Schools Career Center is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 26, 2010

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**WAYNE COUNTY SCHOOLS CAREER CENTER**  
**Wayne County, Ohio**

*For the Fiscal Year Ended June 30, 2009*  
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**WAYNE COUNTY SCHOOLS CAREER CENTER**  
**Wayne County, Ohio**

*For the Fiscal Year Ended June 30, 2009*  
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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 30, 2009

To the Board of Education  
Wayne County Schools Career Center  
Smithville, OH 44677

## **Independent Auditor's Report**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne County Schools Career Center (the "School District"), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2009, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund and the Adult Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with "Government Auditing Standards," we have also issued our report dated December 30, 2009 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

Wayne County Schools Career Center  
Independent Auditor's Report  
December 30, 2009

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Rea & Associates, Inc.*

**Wayne County Schools Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*

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The discussion and analysis of the Wayne County Schools Career Center's ("School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements, and the financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2009 are as follows:

- ❑ General Revenues accounted for \$12.9 million in revenue or 37.0% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$22.2 million or 63.0% of total revenues of \$35.1 million.
- ❑ Total program expenses were \$15.3 million.
- ❑ Net assets of governmental activities increased \$19,789,403 from 2008.
- ❑ Net capital assets increased \$1,697,404 from 2008.
- ❑ Issuance of Certificate of Participation (lease purchase) of classroom renovations in the amount of \$9,120,000.
- ❑ School District began the Ohio School Facilities Commission project of classroom renovations.

**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Wayne County Schools Career Center as a whole, or complete operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also highlight the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Wayne County Schools Career Center, the general fund and the classroom facilities are by far the most significant of the major funds.

**Wayne County Schools Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*

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***Reporting the School District as a Whole***

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School District is classified into governmental activities. All of the School District's programs and services are reported here, including: instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service and extracurricular activities.

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, permanent improvement fund, classroom facilities and adult education fund.

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

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The governmental fund financial statements begin on page 13.

**Wayne County Schools Career Center**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2009

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21.

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2009 compared to 2008:

**(Table 1)**  
**Net Assets**

	Governmental Activities	
	2009	2008
<b>Assets</b>		
Current and Other Assets	\$ 41,718,223	\$ 13,958,241
Capital Assets	6,573,077	4,875,673
Total Assets	48,291,300	18,833,914
<b>Liabilities</b>		
Long-Term Liabilities	10,009,816	916,912
Other Liabilities	7,105,722	6,530,643
Total Liabilities	17,115,538	7,447,555
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	6,122,769	4,875,673
Restricted	20,884,519	2,927,281
Unrestricted	4,168,474	3,583,405
Total Net Assets	\$ 31,175,762	\$ 11,386,359

Assets increased by \$29,457,386 and liabilities increased \$9,667,983 resulting in an increase in net assets of \$19,789,403. The most significant factors causing the increase in assets was cash on hand from unspent proceeds of the issuance of a Certification of Participation, capitalization of \$2.0 million of construction in progress related to the Ohio School Facilities Commission project, and the recognition of the grant balance to be received from Ohio School Facilities Commission of \$10.9 million. The increase in liabilities was the result of the outstanding Certification of Participation issued during the year.

**Wayne County Schools Career Center**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2009

Table 2 shows the changes in net assets for fiscal year 2009 compared to 2008.

**(Table 2)**  
**Changes in Net Assets**

	Governmental Activities	
	2009	2008
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,971,436	\$ 1,806,033
Operating Grants	1,753,207	2,187,113
Capital Grants	18,449,191	0
<i>General Revenues:</i>		
Property Taxes	5,476,901	5,359,931
Grants and Entitlements	7,208,012	6,376,434
Gifts and Donations	0	26,212
Investment Earnings	106,791	264,668
Payment in Lieu of Tax	82,600	64,056
Miscellaneous	20,119	66,307
<i>Total Revenues</i>	35,068,257	16,150,754
<b>Program Expenses</b>		
Instruction	9,027,284	9,252,699
Support Services	5,244,648	4,783,415
Operation of Non-Instructional Services	319,128	240,119
Extracurricular Activities	69	91
Food Service Operations	213,187	211,809
Interest and Fiscal Charges	474,538	2
<i>Total Expenses</i>	15,278,854	14,488,135
Change in Net Assets	19,789,403	1,662,619
<i>Net Assets Beginning of Year</i>	11,386,359	9,723,740
<i>Net Assets End of Year</i>	\$ 31,175,762	\$ 11,386,359

Revenue increased by \$18,917,503 or 117.1% over fiscal year 2008. This increase can be attributed to the recognition of revenue related to the state portion for the Ohio School Facilities Commission project. Expenses increased \$790,719 over 5.5% over fiscal year 2008. This can be attributed primarily to interest payments and fees associated with the issuance of the Certificate of Participation.

**Wayne County Schools Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activities had total revenues of \$35.1 million and expenditures of \$15.3 million.

**(Table 3)**  
**Governmental Activities**

	2009		2008	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 9,027,284	\$ 11,936,779	\$ 9,252,699	\$ (6,450,921)
Support Services:				
Pupils and Instructional Staff	2,310,559	(1,819,087)	2,042,765	(1,688,609)
Board of Education, Administration				
Fiscal and Business	1,578,639	(1,532,305)	1,538,203	(1,529,527)
Operation and Maintenance of Plant	1,203,878	(1,190,369)	1,115,975	(1,108,416)
Pupil Transportation and Central	151,572	(50,373)	86,472	(86,472)
Operation of Non-Instructional Services	319,128	6,148	240,119	(9,699)
Food Service Operation	213,187	18,794	211,809	(5,977)
Extracurricular Activities	69	(69)	91	(91)
Interest and Fiscal Charges	474,538	(474,538)	2	(2)
	<u>\$ 15,278,854</u>	<u>\$ 6,894,980</u>	<u>\$ 14,488,135</u>	<u>\$ (10,879,714)</u>
Total				

Total net cost of service for 2009 decreased 185.04% over 2008. Instruction and student support services comprise 93% of governmental program expenses.

The reliance of local tax and other general revenues for governmental activities is crucial. Although it would appear that program revenue's were sufficient to cover operating expenses, this was only able to be reported based on the full revenue recognition caused by the recording of the Ohio School Facilities Commission receivable. Without this reporting required by generally accepted accounting principles, program revenues were not sufficient to cover program expenses. General revenues were sufficient to cover this. Of these revenues, 35% is from property taxes, 47% from grants and entitlements not restricted to specific programs with investment and other miscellaneous revenues supporting the remaining activity costs.

While community support of the School District is crucial to the operation of the School District, Grants and Entitlements provide a greater percentage of revenue for governmental activities. The greatest amount generated by Grants and Entitlements is income from the School Foundation Program and Ohio School Facilities Commission. School Foundation income is determined by the number of students attending the School District.

**Wayne County Schools Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*

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**School District's Funds**

Information regarding the School District's major funds can be found in the Notes to the Basic Financial Statements, Summary of Significant Accounting Policies. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$19,054,330 and expenditures of \$17,385,879.

The net increase in fund balance in the general fund was \$295,453. The increase was primarily due to an increase in grant monies.

The net decrease in fund balance in the permanent improvement fund was \$790,826. The decrease was primarily due to an increase in interest payments and fees associated with the issuance of the Certificate of Participation, and the transferring of local share resources to the Ohio School Facilities Commission project fund.

The net increase in fund balance in the classroom facilities was \$10,066,661. The increase was primarily due to the issuance of the Certificate of Participation debt in which most of the proceeds have not yet been spent.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2009, there were minor changes to the School District general fund budget. The School District bases its budgets according to needs of programs and functions. Supervisors of departments are responsible to oversee budgets and control spending. This provides for flexibility in spending between programs each school year.

For the general fund, actual revenue of \$11.51 million was over final budget estimates of \$11.46 million. Of the \$47,700 increase, most was attributable to revenues generated through grants received during the year. These revenues are conservatively budgeted.

Final appropriations of \$11.83 million were \$395,692 greater than actual expenditures of the \$11.43 million. This net positive variance was mainly the result of spending less than estimated in salaries and benefits. Employees retiring or resigning were replaced with employees earning less and, in some cases, positions were not filled.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2009, the School District had \$6.6 million invested in land and land improvements, buildings and building improvements, furniture, equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2009 balances compared with 2008. See Note 8 for additional information on capital assets.

**Wayne County Schools Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*

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

	Governmental Activities	
	2009	2008
Land	\$ 354,000	\$ 354,000
Construction in Progress	2,145,196	353,458
Land Improvements	34,864	39,571
Buildings and Improvements	2,830,327	2,899,284
Furniture and Equipment	1,174,631	1,186,849
Vehicles	34,059	42,511
Totals	\$ 6,573,077	\$ 4,875,673

The primary factor which caused the increase in capital assets was additions exceeding depreciation expense, \$1,993,767 related to the construction costs associated with the Ohio School Facilities Commission Project.

Ohio law requires school districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2009, this amounted to \$128,780 for each set aside. The School District has qualifying disbursements or offsets exceeding these requirements for capital improvements and textbooks (including instructional materials). Therefore, there is no need to carry over any amounts into the next school year to meet the requirements of law.

**Debt**

At June 30, 2008, the School District had \$0 in debt outstanding. During fiscal year 2009, a Certificate of Participation was issued totaling \$9,120,000. The Certificate of Participation was issued for the local share for classroom renovations. See Note 10 for additional information on outstanding long-term obligations of the School District.

**School District Outlook**

The Wayne County Schools Career Center continues to have a positive financial outlook and will for the next few years unless changes in state and federal laws decreases income. The State of Ohio has not determined how to fund career – technical education under the new school funding guidelines approved in the State's 2010/11 Budget. A State approved committee is to be formed and study career – technical funding with recommendations to be made for the next budget cycle. In the meantime, career – technical centers will be funded at the 2009 levels with a 0.75% increase each year. There may be some adjustments to this amount for open enrollment students and associate school services which may decrease income slightly.

**Wayne County Schools Career Center**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2009*

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As with any school district, the financial future of the School District is not without its challenges. To begin the FY10 School Year, the School District made approximately \$600,000 in cuts to salaries and benefits through retirements, resignations, a program reduction, and changing funding sources. Since revenues are expected to remain at approximately the same levels for the next few years, these cuts will allow the General Fund to avoid a deficit balance until at least FY14. Our Adult Education Fund has the same challenges with increases in expenditures while the State has decreased funding due to budget problems. The voters of Wayne County did pass a .75 Mill Ten Year Levy to fund the OSFC Renovation Project. The levy will generate approximately \$1,526,000 in tax revenue per year and will be used to fund the local match of the \$30,000,000 plus renovation project.

The community opinion of the School District is very strong and property taxpayers are willing to support its operation. However, the School District covers all of Wayne County and parts of four other counties with a voter base of over 60,000 voters. To convince a majority of these voters to support a new operating levy will take much work and the School District as a whole must continue to produce a solid education for all of its students, high school and adult.

The financial outlook for the School District is best summarized in the last paragraph of the Assumptions to the Five Year Forecast:

We believe that good management of our resources has allowed the School District to build an encumbered carry over in the General Fund of \$4.5 million at the end of fiscal year 2009 without a new operating levy since 1987. Management will continue to carefully monitor funds available and spending to provide outstanding opportunities for our students while keeping costs within approved appropriations. A deficit balance is forecasted in the fiscal year 2014 school year and an operating levy may be needed prior to that fiscal year to avoid a deficit. Increased state and/or local funding may delay this need and likewise decreased state and/or local funding may accelerate the need. This Five Year Forecast does not include new monies or additional expenditures due to the Ohio School Facilities Project. Proceeds from the November 2007 .75 mill levy and expenditures are separate from the General Fund and accounted for in the Permanent Improvement Fund.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jeffrey T. Slutz, Treasurer of Wayne County Schools Career Center, 518 West Prospect St., Smithville, Ohio 44677. Or e-mail at [WCCC\\_SLUTZ@tccsa.net](mailto:WCCC_SLUTZ@tccsa.net).

**Wayne County Schools Career Center**  
*Statement of Net Assets*  
*June 30, 2009*

	<b>Governmental Activities</b>
<b>ASSETS:</b>	
Equity in Pooled Cash and Investments	\$ 8,838,930
Cash and Investments in Segregated Accounts	10,899,224
Accrued Interest Receivable	3,934
Accounts Receivable	325,857
Intergovernmental Receivable	15,993,730
Taxes Receivable	5,656,548
Non-Depreciable Capital Assets	2,499,196
Depreciable Capital Assets, net	4,073,881
<i>Total Assets</i>	48,291,300
<b>LIABILITIES:</b>	
Accounts Payable	38,149
Contracts Payable	930,322
Accrued Wages and Benefits	864,778
Intergovernmental Payable	212,141
Accrued Vacation Leave Payable	79,365
Matured Compensated Absences Payable	61,938
Accrued Interest Payable	50,547
Deferred Revenue	4,868,482
Long-Term Liabilities:	
Due Within One Year	953,970
Due in More Than One Year	9,055,846
<i>Total Liabilities</i>	17,115,538
<b>NET ASSETS:</b>	
Invested in Capital Assets, Net of Related Debt	6,122,769
Restricted for Capital Outlay	20,453,343
Restricted for Other Purposes	431,176
Unrestricted	4,168,474
<i>Total Net Assets</i>	\$ 31,175,762

See accompanying notes to the basic financial statements.

**Wayne County Schools Career Center**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2009

	<b>Program Revenues</b>				<b>Net (Expense)</b>
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants, Contributions and Interest</b>		<b>Capital Grants, Contributions and Interest</b>
					<b>Governmental Activities</b>
<b>Governmental Activities:</b>					
<b>Instruction:</b>					
Regular	\$ 1,822,071	\$ 19,616	\$ 54,034	\$ 0	\$ (1,748,421)
Special	2,266	0	0	0	(2,266)
Vocational	6,994,722	1,608,353	447,630	18,449,191	13,510,452
Adult/Continuing	208,225	193,979	191,260	0	177,014
<b>Support Services:</b>					
Pupils	617,998	0	241,431	0	(376,567)
Instructional Staff	1,692,561	9,000	241,041	0	(1,442,520)
Board of Education	57,800	0	0	0	(57,800)
Administration	1,049,871	0	44,953	0	(1,004,918)
Fiscal	470,968	0	1,381	0	(469,587)
Operation and Maintenance of Plant	1,203,878	921	12,588	0	(1,190,369)
Pupil Transportation	58,475	0	5,225	0	(53,250)
Central	93,097	0	95,974	0	2,877
Operation of Non-Instructional Services	319,128	0	325,276	0	6,148
Food Service Operations	213,187	139,567	92,414	0	18,794
Extracurricular Activities	69	0	0	0	(69)
Interest and Fiscal Charges	474,538	0	0	0	(474,538)
<b>Total Governmental Activities</b>	<b>\$ 15,278,854</b>	<b>\$ 1,971,436</b>	<b>\$ 1,753,207</b>	<b>\$ 18,449,191</b>	<b>6,894,980</b>
<b>General Revenues:</b>					
Property Taxes, Levied for:					
General Purposes					4,109,674
Capital Projects					1,367,227
Grants and Entitlements not Restricted to Specific Programs					7,208,012
Investment Earnings					106,791
Payment in Lieu of Taxes					82,600
Miscellaneous					20,119
<b>Total General Revenues</b>					<b>12,894,423</b>
<b>Change in Net Assets</b>					<b>19,789,403</b>
<b>Net Assets Beginning of Year</b>					<b>11,386,359</b>
<b>Net Assets End of Year</b>					<b>\$ 31,175,762</b>

See accompanying notes to the basic financial statements.

Wayne County Schools Career Center  
 Balance Sheet  
 Governmental Funds  
 June 30, 2009

	General	Adult Education	Permanent Improvement	Classroom Facilities	All Other Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>						
Equity in Pooled Cash and Investments	\$ 4,581,635	\$ 196,089	\$ 1,816,362	\$ 8,646	\$ 2,236,198	\$ 8,838,930
Cash and Investments in Segregated Accounts	0	0	0	10,899,224	0	10,899,224
Accrued Interest Receivable	3,934	0	0	0	0	3,934
Accounts Receivable	1,128	311,176	0	0	13,553	325,857
Interfund Receivable	150,722	0	0	0	0	150,722
Intergovernmental Receivable	0	0	0	15,879,763	113,967	15,993,730
Taxes Receivable	4,242,215	0	1,414,333	0	0	5,656,548
<i>Total Assets</i>	<u>\$ 8,979,634</u>	<u>\$ 507,265</u>	<u>\$ 3,230,695</u>	<u>\$ 26,787,633</u>	<u>\$ 2,363,718</u>	<u>\$ 41,868,945</u>
<b>LIABILITIES:</b>						
Accounts Payable	\$ 22,293	\$ 5,309	\$ 0	\$ 0	\$ 10,547	\$ 38,149
Contracts Payable	0	0	0	841,209	89,113	930,322
Accrued Wages and Benefits	805,322	27,853	0	0	31,603	864,778
Interfund Payable	0	0	0	0	150,722	150,722
Intergovernmental Payable	178,779	15,949	0	0	17,413	212,141
Accrued Vacation Leave Payable	76,207	3,158	0	0	0	79,365
Matured Compensated Absences Payable	38,771	23,167	0	0	0	61,938
Deferred Revenue	3,938,092	204,670	1,311,996	15,879,763	56,708	21,391,229
<i>Total Liabilities</i>	5,059,464	280,106	1,311,996	16,720,972	356,106	23,728,644
<b>FUND BALANCES:</b>						
Reserved:						
Reserved for Encumbrances	319,729	18,257	0	857,461	23,704	1,219,151
Reserved for Property Taxes	304,122	0	102,338	0	0	406,460
Unreserved, Undesignated, Reported in:						
General Fund	3,296,319	0	0	0	0	3,296,319
Special Revenue Funds	0	208,902	0	0	782,190	991,092
Capital Projects Funds	0	0	1,816,361	9,209,200	1,201,718	12,227,279
<i>Total Fund Balances</i>	<u>3,920,170</u>	<u>227,159</u>	<u>1,918,699</u>	<u>10,066,661</u>	<u>2,007,612</u>	<u>18,140,301</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 8,979,634</u>	<u>\$ 507,265</u>	<u>\$ 3,230,695</u>	<u>\$ 26,787,633</u>	<u>\$ 2,363,718</u>	<u>\$ 41,868,945</u>

See accompanying notes to the basic financial statements.

**Wayne County Schools Career Center**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets Governmental Activities*  
 June 30, 2009

Total Governmental Fund Balances		\$ 18,140,301
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,573,077
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 56,708	
Adult Education	204,670	
Ohio School Facilities Grant	15,879,763	
Delinquent Property Taxes	381,606	16,522,747
 In the statement of activities interest expense is accrued when incurred, whereas in governmental funds and interest expenditure is reported when due.		(50,547)
 Long-term liabilities, including certificate of participation, are not due and payable in the current period and therefore, are not reported in the funds.		
Certificate of Participation	(9,120,000)	
Early Retirement Incentive Payable	(50,504)	
Compensated Absences	(839,312)	(10,009,816)
 Net Assets of Governmental Activities		 \$ 31,175,762

See accompanying notes to the basic financial statements.

**Wayne County Schools Career Center**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2009*

	General	Adult Education	Permanent Improvement	Classroom Facilities	All Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Property and Other Local Taxes	\$ 4,061,452	\$ 0	\$ 1,350,642	\$ 0	\$ 0	\$ 5,412,094
Intergovernmental	7,017,101	433,154	190,911	2,549,395	1,454,091	11,644,652
Interest	63,935	0	41,852	20,034	1,925	127,746
Tuition and Fees	0	1,038,724	0	0	131,681	1,170,405
Gifts and Donations	0	0	0	0	7,752	7,752
Customer Sales and Services	104,969	357,501	0	800	142,947	606,217
Payment in Lieu of Taxes	82,600	0	0	0	0	82,600
Miscellaneous	2,864	0	0	0	0	2,864
<i>Total Revenues</i>	11,332,921	1,829,379	1,583,405	2,570,229	1,738,396	19,054,330
<b>EXPENDITURES:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	1,664,273	0	0	0	149,262	1,813,535
Special	0	0	0	0	2,266	2,266
Vocational	5,529,324	1,265,465	0	0	151,739	6,946,528
Adult/Continuing	0	0	0	0	208,337	208,337
<b>Support Services:</b>						
Pupils	412,005	0	0	0	195,917	607,922
Instructional Staff	1,049,767	425,992	0	0	227,811	1,703,570
Board of Education	57,800	0	0	0	0	57,800
Administration	971,051	31,569	0	0	71,876	1,074,496
Fiscal	437,728	660	27,825	0	1,300	467,513
Operation and Maintenance of Plant	889,283	36,521	0	0	13,637	939,441
Pupil Transportation	23,275	21,675	0	0	5,073	50,023
Central	0	0	0	0	84,546	84,546
Operation of Non-Instructional Services	0	2,865	0	0	316,263	319,128
Food Service Operations	0	0	0	0	209,830	209,830
Extracurricular Activities	0	0	0	0	69	69
Capital Outlay	0	0	197,827	2,209,993	125,562	2,533,382
<b>Debt Service:</b>						
Interest and Fiscal Charges	0	0	183,177	0	0	183,177
Certificate of Participation Issuance Costs	0	0	184,316	0	0	184,316
<i>Total Expenditures</i>	11,034,506	1,784,747	593,145	2,209,993	1,763,488	17,385,879
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	298,415	44,632	990,260	360,236	(25,092)	1,668,451
<b>OTHER FINANCING SOURCES AND (USES):</b>						
Discount on Certificate of Participation	0	0	(56,498)	0	0	(56,498)
Issuance of Certificate of Participation	0	0	0	9,120,000	0	9,120,000
Refund of Prior Year Expense	0	0	489,570	0	0	489,570
Transfers In	0	0	0	586,425	1,630,695	2,217,120
Transfers Out	(2,962)	0	(2,214,158)	0	0	(2,217,120)
<i>Total Other Financing Sources and (Uses)</i>	(2,962)	0	(1,781,086)	9,706,425	1,630,695	9,553,072
<i>Net Change in Fund Balances</i>	295,453	44,632	(790,826)	10,066,661	1,605,603	11,221,523
<i>Fund Balance at Beginning of Year</i>	3,624,717	182,527	2,709,525	0	402,009	6,918,778
<i>Fund Balance at End of Year</i>	<u>\$ 3,920,170</u>	<u>\$ 227,159</u>	<u>\$ 1,918,699</u>	<u>\$ 10,066,661</u>	<u>\$ 2,007,612</u>	<u>\$ 18,140,301</u>

See accompanying notes to the basic financial statements.

**Wayne County Schools Career Center**  
*Reconciliation of the Changes*  
*in Fund Balances of Governmental Funds to the Statement of Activities*  
*For the Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances - Total Governmental Funds \$ 11,221,523

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

Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The amount by which capital asset additions exceeded depreciation in the current period.

Capital Asset Additions	\$ 2,093,505	
Current Year Depreciation	<u>(396,101)</u>	1,697,404

In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.

Certificate of Participation		(9,120,000)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Grants	(117,817)	
Ohio School Facilities Grant	15,879,763	
Adult Education	187,174	
Delinquent Property Taxes	<u>64,807</u>	16,013,927

In the statement of activities interest expense is accrued when incurred, whereas in governmental funds and interest expenditure is reported when due.

(50,547)

Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.

Compensated Absences	1,844	
Early Retirement Incentive Payable	<u>25,252</u>	<u>27,096</u>

Change in Net Assets of Governmental Activities \$ 19,789,403

**Wayne County Schools Career Center**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2009*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 4,330,000	\$ 4,330,000	\$ 4,229,841	\$ (100,159)
Intergovernmental	6,925,000	6,925,000	7,017,101	92,101
Interest	100,000	100,000	76,163	(23,837)
Customer Sales and Services	25,000	25,000	104,969	79,969
Payment in Lieu of Taxes	0	0	82,600	82,600
Miscellaneous	75,000	85,000	2,026	(82,974)
<b>Total Revenues</b>	<u>11,455,000</u>	<u>11,465,000</u>	<u>11,512,700</u>	<u>47,700</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	1,624,461	1,665,961	1,633,917	32,044
Vocational	6,127,457	5,962,457	5,826,530	135,927
<b>Support Services:</b>				
Pupils	433,520	437,520	411,605	25,915
Instructional Staff	968,346	1,081,846	1,047,142	34,704
Board of Education	55,670	61,670	59,340	2,330
Administration	954,684	986,684	945,981	40,703
Fiscal	460,753	470,753	439,505	31,248
Operation and Maintenance of Plant	1,413,754	1,131,754	1,046,372	85,382
Pupil Transportation	30,500	30,500	23,061	7,439
<b>Total Expenditures</b>	<u>12,069,145</u>	<u>11,829,145</u>	<u>11,433,453</u>	<u>395,692</u>
Excess of Revenues Over (Under) Expenditures	(614,145)	(364,145)	79,247	443,392
<b>OTHER FINANCING SOURCES AND (USES):</b>				
Advances In	20,000	20,000	218,632	198,632
Advances Out	(20,000)	(270,000)	(150,722)	119,278
Transfers Out	(30,000)	(30,000)	(2,962)	27,038
<b>Total Other Financing Sources and (Uses)</b>	<u>(30,000)</u>	<u>(280,000)</u>	<u>64,948</u>	<u>344,948</u>
Net Change in Fund Balances	(644,145)	(644,145)	144,195	788,340
Fund Balance (Deficit) at Beginning of Year	3,762,385	3,762,385	3,762,385	0
Prior Year Encumbrances Appropriated	337,645	337,645	337,645	0
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$ 3,455,885</u>	<u>\$ 3,455,885</u>	<u>\$ 4,244,225</u>	<u>\$ 788,340</u>

See accompanying notes to the basic financial statements.

**Wayne County Schools Career Center**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*Adult Education Fund*  
*For the Fiscal Year Ended June 30, 2009*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance with Final Budget- Positive (Negative)</b>
<b>REVENUES:</b>				
Intergovernmental	\$ 515,000	\$ 435,000	\$ 433,154	\$ (1,846)
Tuition and Fees	1,085,000	1,065,000	1,106,887	41,887
Customer Sales and Services	458,400	358,400	357,501	(899)
<b>Total Revenues</b>	<u>2,058,400</u>	<u>1,858,400</u>	<u>1,897,542</u>	<u>39,142</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Vocational	1,522,028	1,378,543	1,298,346	80,197
<b>Support Services:</b>				
Instructional Staff	461,887	457,368	430,589	26,779
Administration	55,350	41,460	33,747	7,713
Fiscal	2,000	1,500	660	840
Operation and Maintenance of Plant	36,920	37,494	36,448	1,046
Pupil Transportation	34,347	24,847	23,617	1,230
Operation of Non-Instructional Services	8,374	4,694	3,538	1,156
<b>Total Expenditures</b>	<u>2,120,906</u>	<u>1,945,906</u>	<u>1,826,945</u>	<u>118,961</u>
Net Change in Fund Balances	(62,506)	(87,506)	70,597	158,103
Fund Balance (Deficit) at Beginning of Year	58,864	58,864	58,864	0
Prior Year Encumbrances Appropriated	45,906	45,906	45,906	0
<b>Fund Balance (Deficit) at End of Year</b>	<u>\$ 42,264</u>	<u>\$ 17,264</u>	<u>\$ 175,367</u>	<u>\$ 158,103</u>

See accompanying notes to the basic financial statements.

**Wayne County Schools Career Center**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Fund*  
*June 30, 2009*

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	<u>Agency Fund</u>
<b>ASSETS:</b>	
Equity in Pooled Cash and Investments	\$ 108,557
Accounts Receivable	<u>6,879</u>
<i>Total Assets</i>	<u><u>\$ 115,436</u></u>
<b>LIABILITIES:</b>	
Accounts Payable	\$ 14,240
Undistributed Monies	3,423
Due to Students	<u>97,773</u>
<i>Total Liabilities</i>	<u><u>\$ 115,436</u></u>

See accompanying notes to the basic financial statements.

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**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT**

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

The School District operates under an appointed fifteen-member Board of Education and provides educational services as mandated by state and/or federal agencies. The Board controls one instructional/support facility staffed by 35 noncertificated employees, 98 certificated full-time teaching personnel and eight administrators who provide services to 817 students and other community members.

The School District provides more than instruction to its students. These additional services include student guidance, extracurricular, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These School District operations will be included as part of the reporting entity.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits, of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, the levying of taxes or the financial statements would be misleading if data from the component unit were not included. The School District has no component units.

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

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

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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***Implementation of New Accounting Policies***

For the year ended June 30, 2009, the School District has implemented GASB Statement No. 52, “*Land and Other Real Estate Held as Investments by Endowments*”, GASB Statement No. 55, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*”, and GASB Statement No. 56, “*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*”.

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

**Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The effect of interfund activity, within governmental type activities has been removed from these statements.

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. 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 restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Fund Financial Statements**

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental 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 fund type.

**Fund Accounting**

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

**Governmental Funds**

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

*Adult Education* – The adult education accounts for educational opportunities offered on a tuition basis to adults living within the community.

*Permanent Improvement* – The permanent improvement fund is used to account for all transactions related to the acquiring, constructing, or improving major capital facilities.

*Classroom Facilities* – The classroom facilities fund is used to account for monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

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

**Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The School District's fiduciary fund category consists of only one classification: the agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Measurement Focus**

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

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance 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.

Fiduciary funds are reported using the economic resources management and are excluded from the government-wide financial statements.

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

**Revenues – Exchanges 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. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted: matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, tuition fees, customer sales and service, investment earnings and grants and entitlements.

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Deferred Revenue**

Deferred revenue arises when assets are recognized before revenue criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2009, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

**Expenditures/Expenses**

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 fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "operating grants, contributions and interest" program revenue account.

Under the modified accrual, 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 the governmental funds.

**Budgetary Process**

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 sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2009.

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

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Encumbrances**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the fund financial statements, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

**Lapsing of Appropriations**

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

**Cash and Investments**

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

During fiscal year 2009, investments were limited to repurchase agreements and certificates of deposit.

Nonparticipating investment contracts such as overnight repurchase agreements and non-negotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue has been credited to the general fund, permanent improvement fund, classroom facilities, and the food service fund. Interest credited to the general fund during fiscal year 2009 amounted to \$63,935 which includes \$23,332 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments". Investments with an original maturity of more than three months that are not purchased from the pool are reported as "investments".

**Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, or laws of other governments or by imposing enabling legislation. Restricted assets include amounts required to be set aside by the School District for the purchase of textbooks or for the acquisition or construction of capital improvements. Restricted assets may also include amounts set aside as a reserve for budget stabilization, which is now optional as determined by the School District. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves. There were no restricted assets in fiscal year 2009.

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**Capital Assets**

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 30 years
Buildings and Improvements	15 - 30 years
Furniture and Equipment	8 - 20 years
Vehicles	5 - 15 years

**Compensated Absences**

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

**Accrued Liabilities and Long Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
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**Net Assets**

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantor or laws, or regulations of other governments. Net assets restricted for other purposes are primarily include instructional operations, food service operations and adult education.

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

**Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves are established for encumbrances and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

**Interfund Transactions**

Transfers between governmental activities on the government-wide statements are eliminated. 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, receivables and payables resulting from short-term interfund loans and interfund services provided and used are classified as "interfund receivables/payables." Interfund balances are eliminated in the governmental activities column of the statement of net assets.

**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 2009.

**Estimates**

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

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
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**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balances for governmental fund types (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and adult education fund:

Net Change in Fund Balance		
	General	Adult Education
GAAP Basis	\$ 295,453	\$ 44,632
Net Adjustment for Revenue Accruals	179,776	68,162
Net Adjustment for Expenditure Accruals	(61,540)	(21,476)
Advances In	218,632	0
Advances Out	(150,722)	0
Encumbrances (Budget Basis)	(337,404)	(20,721)
Budget Basis	\$ 144,195	\$ 70,597

**Wayne County Schools Career Center**  
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For the Fiscal Year Ended June 30, 2009

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**NOTE 4 – FUND DEFICITS**

Fund balances at June 30, 2009 included the following individual fund deficits:

	<u>Deficit</u> <u>Fund Balance</u>
Nonmajor Governmental Funds:	
Full Service Center	\$      604
Career Development	1,821
ABLE Jobs	5,586
Vocational Education	41,672

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

**NOTE 5 – DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits 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 deposits maturing not later than 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 accounts, including passbook accounts. Interim monies are permitted to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
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 2% 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;

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the highest rating classifications by at least two nationally recognized rating agencies.

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

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

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation (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% of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

**Cash on Hand**

At fiscal year end, the School District had \$200 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and investments".

**Deposits**

At fiscal year end, the carrying amount of the School District's deposits was \$17,476,511 and the bank balance was \$17,542,273. Of the bank balance:

1. \$1,131,413 was covered by federal depository insurance; and

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Notes to the Basic Financial Statements  
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2. \$16,410,860 was held in collateral pools with no specification for which such funds are held which is considered to be uninsured and uncollateralized. Although all State statutory requirements for the deposit of money has been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

### **Investments**

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

**Custodial Credit Risk:** For an investment, custodial risk is that risk that, in the event of the failure of the counterparty, the School District will no longer be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment in repurchase agreements is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a purchase agreement by 2%. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**Credit Risk:** The School District's only investments during the fiscal year were in an overnight repurchase account, with a year end balance of \$2,370,000. The School District's investments in federal agency securities that underlie the School District's repurchase agreement were rated by Aaa by Moody's Investor Services. The School District's policy doesn't address credit risk.

**Concentration of Credit Risk:** The School District places no limit on the amount the School District may invest in any one issuer. During the year, the School District's only investment was in an overnight repurchase account. These investments were secured with pledged collateral, held and in the name of the pledging institution in which the deposit and investments are held.

### **NOTE 6- PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. First half tax collections are received by the School District in the second half of the fiscal year. Second half distributions occur in a new fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real Property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternative payment dates to be established.

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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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Public utility property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2009 on the value as of December 31, 2008. For 2009, tangible personal property is assessed at 0 % of true value for property including inventory. This percentage will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunication companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Wayne, Medina, Holmes, Stark and Ashland counties. Stark and Ashland county tax collections are minimal. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by year-end are available to finance the current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes, which became measurable as of year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

The amount available as an advance at year-end was \$304,122 in the general fund and \$102,338 in the permanent improvement fund and is recognized as revenue on the fund financial statements.

On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
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The assessed values upon which the current fiscal year taxes were collected are:

	2008 Second Half Collections		
	Residential/ Agriculture	Commercial/ Industrial	Public Utilities
Real Property:			
Wayne County	\$ 1,578,296,290	\$ 365,148,060	\$ 702,630
Holmes County	38,685,710	4,674,310	0
Ashland County	5,642,600	115,760	0
Stark County	57,010	1,620	0
Medina County	7,942,320	10,049,590	2,490
Grand Total	<u>\$ 1,630,623,930</u>	<u>\$ 379,989,340</u>	<u>\$ 705,120</u>
%	74.13%	17.27%	0.03%
	General	Public Utilites	Total Assessed Value
Tangible Personal Property Tax:			
Wayne County	\$ 132,617,590	\$ 49,517,250	\$ 2,126,281,820
Holmes County	2,891,050	1,473,930	47,725,000
Ashland County	145,880	379,050	6,283,290
Stark County	2,555	410	61,595
Medina County	1,158,260	513,510	19,666,170
Grand Total	<u>\$ 136,815,335</u>	<u>\$ 51,884,150</u>	<u>\$ 2,200,017,875</u>
%	6.22%	2.35%	100.00%
Tax rate per \$1,000 of Assessed Valuation	\$ 4.10		

	2009 First Half Collections		
	Residential/ Agriculture	Commercial/ Industrial	Public Utilities
Real Property:			
Wayne County	\$ 1,701,587,740	\$ 395,158,644	\$ 663,410
Holmes County	39,047,450	4,810,980	0
Ashland County	6,286,460	204,170	0
Stark County	57,010	0	0
Medina County	7,838,620	9,942,080	2,810
Grand Total	<u>\$ 1,754,817,280</u>	<u>\$ 410,115,874</u>	<u>\$ 666,220</u>
%	78.75%	18.40%	0.03%
	General	Public Utilites	Total Assessed Value
Tangible Personal Property Tax:			
Wayne County	\$ 5,988,640	\$ 53,250,350	\$ 2,156,648,784
Holmes County	1,159,470	1,474,280	46,492,180
Ashland County	100,560	391,320	6,982,510
Stark County	20	2,310	59,340
Medina County	0	524,390	18,307,900
Grand Total	<u>\$ 7,248,690</u>	<u>\$ 55,642,650</u>	<u>\$ 2,228,490,714</u>
%	0.33%	2.49%	100.00%
Tax rate per \$1,000 of Assessed Valuation	\$ 4.85		

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**NOTE 7 – RECEIVABLES**

Receivables at June 30, 2009 consisted of taxes, accounts, interfund, accrued interest, and intergovernmental. 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.

**NOTE 8 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 7/1/2008	Additions	Disposals	Balance 6/30/2009
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 354,000	\$ 0	\$ 0	\$ 354,000
Construction in Progress	353,458	1,993,767	(202,029)	2,145,196
Total Capital Assets, not being depreciated	707,458	1,993,767	(202,029)	2,499,196
<i>Capital Assets, being depreciated:</i>				
Land Improvements	380,391	0	0	380,391
Buildings and Improvements	7,448,433	63,914	0	7,512,347
Furniture and Equipment	4,408,506	237,853	0	4,646,359
Vehicles	435,745	0	0	435,745
Total Capital Assets, being depreciated	12,673,075	301,767	0	12,974,842
Less Accumulated Depreciation:				
Land Improvements	(340,820)	(4,707)	0	(345,527)
Buildings and Improvements	(4,549,149)	(132,871)	0	(4,682,020)
Furniture and Equipment	(3,221,657)	(250,071)	0	(3,471,728)
Vehicles	(393,234)	(8,452)	0	(401,686)
Total Accumulated Depreciation	(8,504,860)	(396,101)	0	(8,900,961)
Total Capital Assets being depreciated, net	4,168,215	(94,334)	0	4,073,881
Governmental Capital Assets, net	\$ 4,875,673	\$ 1,899,433	\$ (202,029)	\$ 6,573,077

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,097
Vocational	362,771
Adult/Continuing	1,985
Support Services:	
Instructional Staff	246
Administration	1,118
Fiscal	2,145
Operation and Maintenance Plant	15,512
Pupil Transportation	8,452
Food Service Operations	2,775
Total Depreciation Expense	<u><u>\$ 396,101</u></u>

**NOTE 9 – RISK MANAGEMENT**

**General Insurance**

The School District is exposed to various risks of loss related to torts; theft; damage to or destruction of assets, errors and omissions; employee injuries; and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of \$2,500 per incident. The School District's vehicle liability insurance policy limit is \$1,000,000 for each occurrence with a \$250 collision deductible. All administrators and employees are covered under a School District liability policy. The limits of this coverage are \$3,000,000 per occurrence and \$5,000,000 in aggregate. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. The School District agreed to increase the per occurrence coverage in fiscal year 2009 to the \$3,000,000 limit since the cost to increase coverage was minimal and is in line with other school districts' coverage.

**Fidelity Bond**

The Board President and Superintendent each have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$20,000. All other school employees who are responsible for handling funds are covered by a \$10,000 fidelity bond.

**Workers' Compensation**

The School District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The School District is a member of the Ohio School Board Association Group Rating System, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
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**NOTE 10 – LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the School District from July 1, 2008 through June 30, 2009, were as follows:

	Outstanding 7/1/2008	Additions	Deletions	Outstanding 6/30/2009	Due Within One Year
<b>Governmental Type Activities:</b>					
<b>Capital Lease:</b>					
2009 Classroom Facility Project-COP 4% - 4.75%, 12/09 - 12/19	\$ 0	\$ 9,120,000	\$ 0	\$ 9,120,000	\$ 870,000
Total Capital Leases	0	9,120,000	0	9,120,000	870,000
<i>Other Long-Term Liabilities</i>					
Compensated Absences Payable	841,156	58,906	60,750	839,312	58,718
Early Retirement Incentive Payable	75,756	0	25,252	50,504	25,252
Total Other Long-Term Liabilities	916,912	58,906	86,002	889,816	83,970
Total Governmental Type Activities Long-Term Liabilities	<u>\$ 916,912</u>	<u>\$ 9,178,906</u>	<u>\$ 86,002</u>	<u>\$ 10,009,816</u>	<u>\$ 953,970</u>

Compensated absences payable will be paid from the fund from which the employee is paid. The early retirement incentive payable will be paid from the employee severance fund. The capital lease payments will be paid from the permanent improvement fund.

**NOTE 11 – CAPITALIZED LEASE**

During fiscal year 2009, the School District entered into a lease-purchase agreement for the classroom renovations to the school. The School District is leasing the project site from Ohio School Building Leasing Corporation. Ohio School Building Leasing Corporation assigned Huntington National Bank as trustee, transferring rights, title and interest in the project to the trustee. The School District is acting as an agent for the lessor, and is renovating the facilities from the proceeds provided by the lessor. As part of the agreement, Huntington National Bank deposited \$9,120,000, with a fiscal agent for the renovation project. Huntington National Bank has sold certificates of participation in the building lease. The School District will make annual lease payments to Huntington National Bank. Interest rates range between 4% and 4.75%. The lease is renewable annually and expires in 2019. The intention of the School District is to renew the lease annually.

As of June 30, 2009, \$2,145,196 of capital assets acquired by lease has been capitalized as construction in progress, the remaining funds have not been disbursed as of June 30, 2009 and will be capitalized as disbursed. Principal payments in fiscal year 2009 totaled \$0. Payments will be made on the lease from the permanent improvement fund.

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2009:

Fiscal Year Ending June 30,	Long-Term Obligations
2010	\$ 1,235,994
2011	1,225,694
2012	1,224,194
2013	1,221,294
2014	1,221,894
2015 -2019	4,870,735
Total	10,999,805
Less: Amount Representing Interest	(1,879,805)
Present Value of Minimum Lease Payments	\$ 9,120,000

**NOTE 12 – INTERFUND BALANCES**

The account balances by fund of “interfund receivable” and “interfund payable” as of June 30, 2009 are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 150,722	\$ 0
Other Governmental Funds	0	150,722
Total	\$ 150,722	\$ 150,722

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2009, all interfund payables outstanding are anticipated to be repaid in fiscal year 2010.

The following is a summarized breakdown of the School District’s transfers for fiscal year 2009:

Fund	Transfers In	Transfers Out
General Fund	\$ 0	\$ (2,962)
Capital Projects:		
Permanent Improvement	0	(2,214,158)
Classroom Facilities	586,425	0
Other Governmental Funds	1,630,695	0
Total	\$ 2,217,120	\$ (2,217,120)

During the fiscal year, the permanent improvement fund transferred local share monies for the Ohio School Facilities Commission project. These totaled \$877,141 to the Ohio School Facilities Commission and \$1,337,017 to the Building Fund. Also \$2,962 from the general fund to the public support fund to help support activities.

**NOTE 13 – PENSION PLANS**

**School Employees Retirement System**

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

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS’ Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the system. For fiscal year ending June 30, 2009, the allocation to pension and death benefits is 9.09%. The remaining 4.91% of the 14% employer contribution rate is allocated to Health Care and Medicare B Fund. The School District’s contributions to pension obligations for the years ended June 30, 2009, 2008 and 2007 were \$183,724, \$198,185, and \$176,398, respectively; 87% has been contributed for fiscal year 2009 and 100% for the fiscal years 2008 and 2007. \$35,554 represents the unpaid contributions for fiscal year 2009, and is recorded as a liability within the respective funds.

**State Teachers Retirement System**

The School District participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](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. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5% of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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

For the fiscal year ended June 30, 2008 (the latest information available), plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2008 (the latest information available), the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2009, 2008 and 2007 were \$843,300, \$872,388, and \$815,260, respectively; 86% has been contributed for fiscal year 2009 and 100% for the fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$19,395 made by the School District and \$45,008 made by the plan members.

**NOTE 14 – POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio ("STRS Ohio"), and to retired non-certified employees and their dependents through the School Employees Retirement System ("SERS"). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2009, 2008 and 2007. The School District's contributions for fiscal years ended June 30, 2009, 2008 and 2007 were \$64,869, \$67,107, and \$62,712, respectively.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2008 (the latest information available), the balance in the Fund was \$3.7 billion. For the fiscal year ended \$288,878,000 and STRS Ohio had 126,506 eligible benefit recipients.

In addition to a cost-sharing multiple-employer defined benefit pension plan, SERS administers two postemployment benefit plans, the Medicare Part B Plan and the Health Care Plan. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40; SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2009, the actuarially required allocation was .75%. The School District's contributions for the year ended June 30, 2009 were \$15,159, which equaled the required contributions for the year.

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2009, the health care allocation was 4.16%. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation (the latest information available), was 11.50% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The School District's contributions for the years ended June 30, 2009, 2008 and 2007 were \$84,080, \$90,438, and \$56,487, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at \$35,800.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Forms and Publications.

**NOTE 15 – OTHER EMPLOYEE BENEFITS – COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees on the anniversary of their employment and must be used within the next twelve months. Teachers and administrators do not earn vacation time. All employees of the Board of Education earn sick leave at the rate of one and one-fourth days per month. Upon retirement and with 10 years of service or more at the School District, nonclassified employees shall receive severance payments equal to 25% of accumulated unused sick leave and classified employees shall receive severance payments equal to 30% of accumulated unused sick leave.

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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**NOTE 16 – JOINTLY GOVERNED ORGANIZATION**

The Midland Council of Governments is a jointly governed organization among twenty-two boards of education. The Council of Governments was formed to provide efficient and cost effective computer and data processing services to member boards. Financial support for the Council of Governments 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 year ended June 30, 2009 the School District paid approximately \$75,033 to Midland for basic service charges.

Representation on the Council of Governments 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 Council of Governments 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 17 – CONTINGENCIES**

**Grants**

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

**NOTE 18 – SET ASIDES**

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

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

**Wayne County Schools Career Center**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

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	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
Set Aside Carry Over Balance as of June 30, 2008	\$ 0	\$ (2,443,434)	\$ (2,443,434)
Current Year Set-Aside Requirement	128,780	128,780	257,560
Qualifying Offset	(128,780)	0	(128,780)
Qualifying Disbursements	0	(367,860)	(367,860)
Totals	<u>\$ 0</u>	<u>\$ (2,682,514)</u>	<u>\$ (2,682,514)</u>
Cash Balance Carried Forward FY 2009	<u>\$ 0</u>	<u>\$ (2,682,514)</u>	<u>\$ (2,682,514)</u>
Amount to Restrict for Set-Asides			<u>\$ 0</u>
Amount to Set-Aside			<u>\$ 0</u>

The School District had qualifying disbursements during the year that reduced the capital improvements and textbook reserve set-asides below zero. These extra amounts may only be used to reduce the set-aside requirement of future years for the purchase of textbooks and/or instructional materials. Qualifying offsets for capital improvement reserve represents Ohio School Facilities Improvements issued in 2009. These proceeds are eligible to be carried forward over the life of the bonds

**NOTE 19 – CONSTRUCTION COMMITMENTS**

The following construction commitments at June 30, 2009 will be financed with capital project funds revenues:

<u>Project</u>	<u>Total Authorized Cost</u>	<u>Expended to June 30, 2009</u>	<u>Balance at June 30, 2009</u>
Renovation Project	<u>\$ 3,106,558</u>	<u>\$ 2,357,724</u>	<u>\$ 748,834</u>



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 30, 2009

To the Board of Education  
Wayne County Schools Career Center  
Smithville, OH 44677

**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 the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County Schools Career Center (the "School District") as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 30, 2009. 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.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Wayne County Schools Career Center  
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  
December 30, 2009  
Page 2

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted one other matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated December 30, 2009.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of 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*. However, we noted immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated December 30, 2009.

This report is intended solely for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Hea & Associates, Inc.*



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 30, 2009

To the Board of Education  
Wayne County Schools Career Center  
Smithville, OH 44677

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

### Compliance

We have audited the compliance of Wayne County Schools Career Center (the "School District") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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 School 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. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

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

This report is intended solely for the information and use of management, the Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Hea & Associates, Inc.*

**WAYNE COUNTY SCHOOLS CAREER CENTER**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Federal Grantor/Pass-Through Grantor/Program Title	Grant Year	CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
<b>U. S. Department of Education (passed through the Ohio Department of Education):</b>						
ABLE FY07	2007	84.002	\$ (3,795)	\$ 0	\$ 0	\$ 0
ABLE FY08	2008	84.002	14,994	0	25,394	0
ABLE EL/Civics FY08	2008	84.002	(4,628)	0	1,111	0
ABLE FY09	2008	84.002	172,221	0	159,484	0
ABLE EL/Civics FY09	2008	84.002	40,108	0	36,782	0
Total Adult Basic Literacy Education			218,900	0	222,771	0
Vocational Ed. - Carl D. Perkins - Secondary FY08	2008	84.048	100,569	0	0	0
Vocational Ed. - Carl D. Perkins - Adult FY08	2008	84.048	7,381	0	0	0
Vocational Ed. - Carl D. Perkins - Secondary FY09	2009	84.048	244,504	0	301,527	0
Vocational Ed. - Carl D. Perkins - Adult FY09	2009	84.048	95,974	0	96,999	0
Total Vocational Education			448,428	0	398,526	0
Safe and Drug-Free Schools, Title IV-A FY08	2008	84.186	814	0	0	0
Safe and Drug-Free Schools, Title IV-A FY09	2009	84.186	150	0	1,499	0
Total Safe and Drug-Free Schools			964	0	1,499	0
Even Start FY08	2008	84.213	44,953	0	7,802	0
Even Start FY09	2009	84.213	200,190	0	230,060	0
Total Even Start			245,143	0	237,862	0
Innovative Education Program, Title V FY08	2008	84.298	1,847	0	746	0
Innovative Education Program, Title V FY09	2009	84.298	66	0	632	0
Total Innovative Education Program, Title V			1,913	0	1,378	0
Improving Teacher Quality, Title II-A FY08	2008	84.367	2,523	0	0	0
Improving Teacher Quality, Title II-A FY09	2009	84.367	204	0	2,038	0
Total Improving Teacher Quality, Title II-A			2,727	0	2,038	0
Total Ohio Department of Education Pass-Through			918,075	0	864,074	0
<b>U.S. Department of Education (Direct Awards):</b>						
<i>Student Financial Assistance Cluster:</i>						
Pell Grant	2009	84.063	310,115	0	310,130	0
Supplemental Educational Opportunity Grant	2009	84.007	13,540	0	13,540	0
Total Student Financial Assistance Cluster			323,655	0	323,670	0
Total U.S. Department of Education			1,241,730	0	1,187,744	0
<b>U.S. Department of Labor (passed through the Ohio Department of Education):</b>						
WIA Adult Program	2008	17.258	39,944	0	39,944	0
<b>U.S. Department of Labor (passed through the Ohio Department of Job and Family Services):</b>						
Workers Trade Adjustment Assistance	2008	17.245	40,685	0	40,685	0
Total U.S. Department of Labor			80,629	0	80,629	0
<b>U. S. Department of Agriculture (passed through the Ohio Department of Education):</b>						
National School Lunch Program FY09	2009	10.555	90,037	12,444	90,037	12,444
Total U.S. Department of Agriculture			90,037	12,444	90,037	12,444
Total Federal Assistance			\$ 1,412,396	\$ 12,444	\$ 1,358,410	\$ 12,444

See accompanying notes to the schedule of expenditures of federal awards

WAYNE COUNTY SCHOOLS CAREER CENTER  
WAYNE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2009

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B: NUTRITION CLUSTER

Reimbursement monies are commingled with local receipts and state grants. It is assumed federal moneys are expended first.

Food Distribution Program nonmonetary assistance is reported in the schedule of expenditures of federal awards at the entitlement value of the commodities received and disbursed. At June 30, 2009, the School District had no significant food commodities inventory.

NOTE C: NEGATIVE RECEIPTS

Any negative receipts are a carryover of cash into the next grant year.

NOTE D: TRANSFERS

The District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30 and spent by September 30). However, with Ohio Department of Education's (ODE) approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the District a total of 27 months to spend the assistance. During fiscal year 2009, the ODE authorized the following transfers:

<u>CFDA</u> <u>Number</u>	<u>Program Title</u>	<u>Program</u> <u>Year</u>	<u>Transfers</u> <u>Out</u>	<u>Transfers</u> <u>In</u>
84.002	Adult Basic Literacy Education EL/Civics	2008	\$ 4,628	
84.002	Adult Basic Literacy Education EL/Civics	2009		\$ 4,628

WAYNE COUNTY SCHOOLS CAREER CENTER  
WAYNE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2009

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

A-133 Ref.  
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(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 internal control deficiencies 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)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any internal control deficiencies reported for major programs which were not considered to be material	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Career and Technical Education—Basic Grants to States (Perkins IV)	CFDA # 84.048
(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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**INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

December 30, 2009

To the Board of Education  
Wayne County Schools Career Center  
Smithville, Ohio 44677

To the Board of Education:

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

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

1. As of June 30, 2009 the School District did not have an anti-harassment policy in accordance with Ohio Rev. Code , however, the policy was adopted on November 3, 2009.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;

- (3) A procedure for reporting prohibited incidents;
- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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

*Rea & Associates, Inc.*



**Mary Taylor, CPA**  
Auditor of State

WAYNE COUNTY SCHOOLS CAREER CENTER  
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  
MARCH 11, 2010