



Mary Taylor, CPA  
Auditor of State



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

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Managements Discussion and Analysis - For the Fiscal Year Ended June 30, 2009 .....	3
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets – Modified Cash Basis – June 30, 2009 .....	9
Statement of Activities – Modified Cash Basis - For the Fiscal Year Ended June 30, 2009 .....	10
Fund Financial Statements	
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds – June 30, 2009.....	11
Statement of Cash Receipts, Disbursements, and Changes in Fund Balances - Modified Cash Basis - Governmental Funds – For the Fiscal Year Ended June 30, 2009 .....	12
Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget and Actual – Budget Basis - General Fund – For the Fiscal Year Ended June 30, 2009 .....	13
Statement of Fiduciary Net Assets – Modified Cash Basis – Fiduciary Funds – June 30, 2009.....	14
Notes to the Financial Statements – For the Fiscal Year Ended June 30, 2009.....	15
Management's Discussion and Analysis - For the Fiscal Year Ended June 30, 2008 .....	35
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets – Modified Cash Basis – June 30, 2008 .....	41
Statement of Activities – Modified Cash Basis - For the Fiscal Year Ended June 30, 2008 .....	42
Fund Financial Statements	
Statement of Assets and Fund Balances – Modified Cash Basis – Governmental Funds – June 30, 2008.....	43

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

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Statement of Cash Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis – Governmental Funds – For the Fiscal Year Ended June 30, 2008 .....	44
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis - General Fund – For the Fiscal Year Ended June 30, 2008 .....	45
Statement of Fiduciary Net Assets – Modified Cash Basis – Fiduciary Funds – June 30, 2008.....	46
Notes to the Financial Statements – For the Fiscal Year Ended June 30, 2008.....	47
Independent Accountants' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i> .....	67
Schedule of Findings.....	69
Schedule of Prior Audit Findings.....	72
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	73



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Waynesfield-Goshen Local School District, Auglaize County (the District), as of and for the fiscal years ended June 30, 2009 and June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Waynesfield-Goshen Local School District, Auglaize County, as of June 30, 2009 and 2008, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund thereof for the fiscal years then ended in conformity with the basis of accounting Note 2 describes.

As discussed in Note 3, during the fiscal year ended June 30, 2008, the District changed its method of accounting for financial reporting which resulted in the restatement of beginning fund balances and net assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principals generally accepted in the United States requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

January 5, 2010

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

**Financial Highlights**

Key financial highlights for fiscal year 2009 are as follows:

- General revenues accounted for \$5,363,359, or 82 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$1,171,119, or 18 percent of total revenues of \$6,534,478.
- Total program disbursements during 2009 were \$12,913,364 of which 9 percent were covered by program revenues.
- In total, net assets decreased \$6,378,886 primarily the result of expending resources from previous years for the building project.
- The District's major fund includes the General Fund and the Classroom Facilities Fund.
- The General Fund had \$5,458,270 in revenues and \$5,680,961 in expenditures and other financing uses. General Fund's balance decreased \$222,691 from the prior fiscal year primarily as the result of transfers into Other Governmental Funds.
- The Classroom Facilities Fund had \$24,259 in revenues and \$5,041,181 in expenditures. The Classroom Facilities Fund's balance decreased \$5,016,922 from the prior fiscal year as result of expending resources from previous years for the building project.

**Using the Basic Financial Statements**

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

The statement of net assets and the statement of activities, both reported on the modified cash basis, provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund and the Classroom Facilities Fund are the District's major funds.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**Reporting the District as a Whole**

**Statement of Net Assets and Statement of Activities**

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2009. These statements are reported on the modified cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

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

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

**Fund Financial Statements**

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

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

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

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2009 compared to fiscal year 2008. The decrease in the District's current assets was attributed to no drawdown money received after fiscal year 2008 from the School Facilities Commission.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

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

	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Current and Other Assets	\$3,444,798	\$9,823,684
Total Assets	<u>3,444,798</u>	<u>9,823,684</u>
<b>Net Assets:</b>		
Restricted	973,984	7,130,179
Unrestricted	2,470,814	2,693,505
Total	<u>\$3,444,798</u>	<u>\$9,823,684</u>

Table 2 reflects the changes in net assets for fiscal year 2009.

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

	<u>2009</u>	<u>2008</u>
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for Services and Sales	\$ 491,908	\$ 474,966
Operating Grants, Contributions and Interest	679,211	762,734
Capital Grants and Contributions		9,249,609
Total Program Revenues	<u>1,171,119</u>	<u>10,487,309</u>
<b>General Revenues:</b>		
Property Taxes	1,271,160	1,217,274
Income Taxes	550,815	554,138
Grants and Entitlements	3,376,877	3,155,233
Interest	131,499	398,817
Gifts and Donations	20,457	4,750
Miscellaneous	12,551	15,508
Proceeds from Sale of Capital Assets		28,026
Total General Revenues	<u>5,363,359</u>	<u>5,373,746</u>
Total Revenues	<u>6,534,478</u>	<u>15,861,055</u>
<b>Expenses:</b>		
Instruction	3,489,507	3,534,300
<b>Support Services:</b>		
Pupils	237,845	232,700
Instructional Staff	242,029	239,186
Board of Education	20,139	18,852
Administration	663,548	608,279
Fiscal	185,806	211,842
Operation and Maintenance of Plant	533,960	570,395
Pupil Transportation	233,717	302,361
Central	8,097	7,612
Non-Instructional	216,713	192,516
Extracurricular Activities	215,688	208,778
Capital Outlay	6,559,149	11,362,488
Principal	130,000	130,000
Interest and Fiscal Charges	177,166	183,859
Total Expenses	<u>12,913,364</u>	<u>17,803,168</u>
Decrease in Net Assets	<u>(\$6,378,886)</u>	<u>(\$1,942,113)</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

Program receipts account for 18 percent of total receipts in fiscal year 2009 and are represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

For fiscal year 2009 the major program disbursements for governmental activities are for instruction, which accounts for 27 percent of all governmental disbursements. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for 6 percent of governmental disbursements in fiscal year 2009. Maintenance of the District's facilities also represents a significant disbursement of 4 percent, capital outlay represents 51 percent. The remaining 12 percent of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes and grants and entitlements.

**Governmental Activities**

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

**Table 3  
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2009</u>	<u>2009</u>	<u>2008</u>	<u>2008</u>
Instruction	\$ 3,489,507	\$ 2,655,599	\$ 3,534,300	\$2,614,557
<b>Support Services:</b>				
Pupils	237,845	237,845	232,700	232,376
Instructional Staff	242,029	227,044	239,186	235,243
Board of Education	20,139	20,139	18,852	18,852
Administration	663,548	658,548	608,279	603,279
Fiscal	185,806	179,806	211,842	205,842
Operation and Maintenance of Plant	533,960	533,960	570,395	570,395
Pupil Transportation	233,717	211,186	302,361	282,471
Central	8,097	8,097	7,612	7,612
Non-Instructional	216,713	6,012	192,516	359
Extracurricular Activities	215,688	137,694	208,778	118,135
Capital Outlay	6,559,149	6,559,149	11,362,488	2,112,879
Principal	130,000	130,000	130,000	130,000
Interest and Fiscal Charges	177,166	177,166	183,859	183,859
<b>Total Expenses</b>	<u>\$12,913,364</u>	<u>\$11,742,245</u>	<u>\$17,803,168</u>	<u>\$7,315,859</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 76 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, support from general revenues is 91 percent. The remaining 9 percent is derived from tuition and fees, specific grants, and donations.

**The District's Funds**

The District's governmental funds are accounted for using the modified cash basis of accounting. The District's major governmental funds are the General Fund and the Classroom Facilities Fund. Total governmental funds had revenues and other financing sources of \$6,744,859 and expenditures of \$13,123,745. The net negative change of \$6,378,886 in fund balance for the year is due to less Ohio School Facilities funding being received and more construction expenditures being paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2009, the District amended its General Fund budget as needed.

Final estimated revenues were \$5,464,220, which was more than actual receipts of \$5,458,270. Final expenditures were budgeted at \$6,265,067 while actual expenditures were \$5,828,347. The \$436,720 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

**Debt Administration**

At June 30, 2009, the District had \$3,970,000 in school improvement general obligation bonds for building improvements. The first bond issue was issued in 1989 and will mature December 1, 2012. The second bond issue was issued in 1995 and will mature December 1, 2018. The third bond issue was issued in 2005 and will mature in December 1, 2032. The bonds are being retired through the Bond Retirement Fund.

At June 30, 2009, the District's overall legal debt margin was \$392,818, with an un-voted debt margin of \$45,063. The District was approved as a special needs district by the Ohio Department of Education pursuant to the Ohio Revised Code Section 133.06(E) based on future tax valuation of \$60,454,877 and a total indebtedness (based on the project valuation) of approximately 7.1954%.

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

**Current Issues**

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

The District is currently operating in the first year of the state biennium budget. 30 percent of District revenue sources were from local funds with the remaining 70 percent being primarily from state and federal funds. The total expenditure per pupil was calculated at \$8,510 for fiscal year 2009.

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

**Contacting the District's Financial Management**

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

**This page intentionally left blank.**

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

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
JUNE 30, 2009**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,709,330
Cash and Cash Equivalents with Escrow Agents	235,468
Investments	500,000
Total Assets	<u>3,444,798</u>
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Debt Service	307,122
Capital Outlay	489,025
Other Purposes	177,837
Unrestricted	2,470,814
Total Net Assets	<u><u>\$3,444,798</u></u>

*See Accompanying Notes to the Basic Financial Statements.*

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

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Program Revenues		Net(Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental Activities:</b>			
<b>Instruction:</b>			
Regular	\$2,415,772	\$275,999	\$83,959
Special	568,833		435,988
Vocational	154,243		37,962
Other	350,659		(350,659)
<b>Support Services:</b>			
Pupils	237,845		(237,845)
Instructional Staff	242,029		14,985
Board of Education	20,139		(20,139)
Administration	663,548		5,000
Fiscal	185,806		6,000
Operation and Maintenance of Plant	533,960		(533,960)
Pupil Transportation	233,717		22,531
Central	8,097		(8,097)
Operation of Non-Instructional Services	216,713	137,915	72,786
Extracurricular Activities	215,688	77,994	(137,694)
Capital Outlay	6,559,149		(6,559,149)
<b>Debt Service:</b>			
Principal	130,000		(130,000)
Interest and Fiscal Charges	177,166		(177,166)
<b>Totals</b>	<u>\$12,913,364</u>	<u>\$491,908</u>	<u>\$679,211</u>

**General Revenues:**

<b>Taxes:</b>	
Property Taxes, Levied for General Purposes	753,624
Property Taxes, Levied for Capital Outlay	161,677
Property Taxes, Levied for Debt Service	323,111
Property Taxes, Levied for School Facilities	32,748
Income Taxes	550,815
Grants and Entitlements not Restricted to Specific Programs	3,376,877
Gifts and Donations	20,457
Investment Earnings	131,499
Miscellaneous	12,551
<b>Total General Revenues</b>	<u>5,363,359</u>
Change in Net Assets	(6,378,886)
Net Assets Beginning of Year	9,823,684
Net Assets End of Year	<u>\$3,444,798</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2009**

	<u>General Fund</u>	<u>Classroom Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,845,051	\$14,449	\$724,067	\$2,583,567
Cash and Cash Equivalents with Escrow Agents		88,727	146,741	235,468
Investments	500,000			500,000
<b>Restricted Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	125,763			125,763
<b>Total Assets</b>	<u>2,470,814</u>	<u>103,176</u>	<u>870,808</u>	<u>3,444,798</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	147,386		78,868	226,254
Reserved for Textbooks	125,763			125,763
<b>Unreserved, Undesignated, Reported in:</b>				
General Fund	2,197,665			2,197,665
Special Revenue Funds			142,361	142,361
Debt Service Funds			307,122	307,122
Capital Projects Funds		103,176	342,457	445,633
<b>Total Fund Balances</b>	<u>2,470,814</u>	<u>103,176</u>	<u>870,808</u>	<u>3,444,798</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$2,470,814</u>	<u>\$103,176</u>	<u>\$870,808</u>	<u>\$3,444,798</u>

*See accompanying notes to the basic financial statements.*

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

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>Classroom Facilities Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property and Other Local Taxes	\$753,624		\$517,536	\$1,271,160
Income Tax	550,815			550,815
Intergovernmental	3,777,763		278,325	4,056,088
Interest	90,818	\$24,259	16,422	131,499
Tuition and Fees	261,199		14,800	275,999
Extracurricular Activities			77,994	77,994
Gifts and Donations	11,500		8,957	20,457
Sales/Charges for Services			137,915	137,915
Miscellaneous	12,551			12,551
Total Revenues	<u>5,458,270</u>	<u>24,259</u>	<u>1,051,949</u>	<u>6,534,478</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	2,304,826		110,946	2,415,772
Special	466,106		102,727	568,833
Vocational	154,243			154,243
Other	350,659			350,659
<b>Support Services:</b>				
Pupils	237,213		632	237,845
Instructional Staff	202,044		39,985	242,029
Board of Education	20,139			20,139
Administration	658,548		5,000	663,548
Fiscal	168,879		16,927	185,806
Operation and Maintenance of Plant	533,960			533,960
Pupil Transportation	233,717			233,717
Central	8,097			8,097
Operation of Non-Instructional Services	273		216,440	216,713
Extracurricular Activities	131,876		83,812	215,688
Capital Outlay		5,041,181	1,517,968	6,559,149
<b>Debt Service:</b>				
Principal			130,000	130,000
Interest			177,166	177,166
Total Expenditures	<u>5,470,580</u>	<u>5,041,181</u>	<u>2,401,603</u>	<u>12,913,364</u>
Excess of Revenues (Under) Expenditures	<u>(12,310)</u>	<u>(5,016,922)</u>	<u>(1,349,654)</u>	<u>(6,378,886)</u>
<b>Other Financing Sources and Uses:</b>				
Transfers In			210,381	210,381
Transfers Out	(210,381)			(210,381)
Total Other Financing Sources and Uses	<u>(210,381)</u>		<u>210,381</u>	
Net Change in Fund Balances	(222,691)	(5,016,922)	(1,139,273)	(6,378,886)
Fund Balances at Beginning of Year	2,693,505	5,120,098	2,010,081	9,823,684
Fund Balances at End of Year	<u>\$2,470,814</u>	<u>\$103,176</u>	<u>\$870,808</u>	<u>\$3,444,798</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Revenues:</b>				
Property and Other Local Taxes	\$726,529	\$753,624	\$753,624	
Income Tax	554,138	550,815	550,815	
Intergovernmental	3,520,345	3,781,567	3,777,763	(\$3,804)
Interest	107,545	91,545	90,818	(727)
Tuition and Fees	235,671	262,461	261,199	(1,262)
Gifts and Donations		11,500	11,500	
Miscellaneous	43,534	12,708	12,551	(157)
Total Revenues	<u>5,187,762</u>	<u>5,464,220</u>	<u>5,458,270</u>	<u>(5,950)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	2,509,993	2,576,409	2,319,030	257,379
Special	359,387	543,836	466,625	77,211
Vocational	180,431	180,511	184,812	(4,301)
Other	315,867	359,028	350,659	8,369
<b>Support Services:</b>				
Pupils	232,365	241,445	237,656	3,789
Instructional Staff	188,493	233,297	208,084	25,213
Board of Education	26,980	31,857	26,946	4,911
Administration	611,375	677,653	683,720	(6,067)
Fiscal	195,136	208,416	191,256	17,160
Operation and Maintenance of Plant	552,628	625,020	569,054	55,966
Pupil Transportation	241,656	240,102	236,626	3,476
Central	7,612	8,097	8,097	
<b>Operation of Non-Instructional Services:</b>	280	280	273	7
Extracurricular Activities	116,542	128,735	135,128	(6,393)
Total Expenditures	<u>5,538,745</u>	<u>6,054,686</u>	<u>5,617,966</u>	<u>436,720</u>
Excess of Revenues (Under) Expenditures	<u>(350,983)</u>	<u>(590,466)</u>	<u>(159,696)</u>	<u>430,770</u>
<b>Other Financing Uses:</b>				
Transfers Out		(210,381)	(210,381)	
Total Other Uses		<u>(210,381)</u>	<u>(210,381)</u>	
Net Change in Fund Balances	<u>(350,983)</u>	<u>(800,847)</u>	<u>(370,077)</u>	<u>430,770</u>
Fund Balance at Beginning of Year	2,591,182	2,591,182	2,591,182	
Prior Year Encumbrances Appropriated	102,323	102,323	102,323	
Fund Balance at End of Year	<u>\$2,342,522</u>	<u>\$1,892,658</u>	<u>\$2,323,428</u>	<u>\$430,770</u>

See accompanying notes to the basic financial statements.

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2009

	<u>Agency Fund</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$26,931
Total Assets	<u>26,931</u>
<b>Liabilities:</b>	
Undistributed Monies	26,931
Total Liabilities	<u><u>\$26,931</u></u>

*See accompanying notes to the basic financial statements.*

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

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

During fiscal year 2009, the District was staffed by 30 non-certified employees and 50 certified teaching personnel who provided services to 586 students and other community members.

**A. The Reporting Entity**

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

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Accounting**

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

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

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

**B. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

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

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

**2. Fund Financial Statements**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Fund Accounting**

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

**1. Governmental Funds**

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The General Fund and the Classroom Facilities Fund are the District's major governmental funds during 2009.

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

**Classroom Facilities Fund** - The Classroom Facilities Fund is used to account for the revenues and expenditures related to the construction of new school buildings.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

**2. Fiduciary Funds**

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

**D. Budgetary Process**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**1. Encumbrances**

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

**2. Lapsing of Appropriations**

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

**E. Cash and Investments**

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

During fiscal year 2009, the District's investments consisted of Federal Home Loan Mortgage Corporation Notes, and nonnegotiable certificates of deposit.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2009 amounted to \$90,818 and \$12,938 assigned from other District funds.

**F. Restricted Assets**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Capital Assets**

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

**H. Compensated Absences**

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

**I. Long-term Obligations**

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

**J. Employer Contributions to Cost-Sharing Pension Plans**

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

**K. Net Assets**

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

**L. Interfund Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Loans between funds are reported as advances. The District did not have advance activity during the fiscal year.

**M. Fund Balance Reserves and Designations**

The District reserves those portions of fund equity which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances and textbooks. The textbook reserve represents funds set-aside by State statute to be spent on textbooks.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**3. COMPLIANCE**

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

**4. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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

**A. Deposits**

At fiscal year-end 2009, the carrying amount of the District's deposits was \$2,971,729. Based in the criteria described in GASB Statement 40, "Deposits and Investments Risk Disclosure," as of June 30, 2009, \$1,548,355 of the District's bank balance of \$3,048,359 was exposed to custodial risk as discussed below, while \$1,500,004 was covered by Federal Deposit Insurance Corporation.

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**4. DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments**

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment Type</u>	<u>Carrying and Fair Value</u>	<u>2-3 Years</u>
Federal Home Loan Mortgage Corporation Notes	\$500,000	\$500,000
Total Investments	\$500,000	\$500,000

**Interest Rate Risk** - The District's investment policy and State statute require that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

**Credit Risk** - The Federal Home Loan Mortgage Corporation Notes carry a rating of Aaa by Moody's and AAA by Standard and Poor's. The District has no investment policy that would further limit its investment choices.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Corporation Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Concentration of Credit Risk** - The District places no limit on the amount it may invest in any one issuer, however District policy and State statute limit investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time. The District's investment in Federal Home Loan Mortgage Corporation Notes represents 100% of the District's total investments for 2009.

**5. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes for 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date.

Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**5. PROPERTY TAXES (Continued)**

Public utility real and tangible personal property taxes for 2009 were levied after April 1, 2008, on the assessed values as of December 31, 2007, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes. Tangible personal property taxes for 2009 were levied after April 1, 2009, on the value as of December 31, 2008. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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 telecommunications 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 District due to the phasing out of the tax. In calendar years 2009-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Auglaize and Logan Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	<b>2008 Second- Half Collections</b>		<b>2009 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Commercial/Industrial	\$ 1,711,860	4%	\$ 1,780,440	4%
Residential/Agricultural	36,451,200	93%	42,351,140	94%
Public Utilities	908,250	2%	933,720	2%
General Personal Property	386,610	1%		
Total Assessed Value	<u>\$39,457,920</u>	<u>100%</u>	<u>\$45,065,300</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$47.10		\$46.18	

**6. INCOME TAX**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**7. RISK MANAGEMENT**

**A. Property and Liability Insurance**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the District contracted for the following insurance coverages. Property and fleet coverages provided by Southwestern Ohio Educational Council Liability, Fleet and Property Program are as follows:

	<u>Maximum Deductible</u>	<u>Coverage</u>
Building and Contents – replacement cost (Includes boiler and machinery)	\$1,000/\$2,500	\$24,081,721
Commercial Auto/Business Auto	1,000	1,000,000
Musical Instruments	1,000	
Audio Visual Equipment/Radios	1,000	
Computers	1,000	
Miscellaneous Scheduled Property	1,000	

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

	<u>Maximum Deductible</u>	<u>Coverage</u>
General Liability:		
Per Occurrence	N/A	\$1,000,000
Total per year	N/A	3,000,000

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

**B. Insurance Risk Pool**

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

**C. Workers' Compensation Group Rating Plan**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**7. RISK MANAGEMENT (Continued)**

The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Program.

Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

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

**8. DEFINED PENSION BENEFIT PLANS**

**A. School Employees Retirement System**

**Plan Description** - The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employee Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board, up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$60,674, \$58,794, and \$63,599, respectively; 44.45 percent has been contributed for fiscal year 2009 and 100 percent has been contributed for fiscal years 2008 and 2007.

**B. State Teachers Retirement System**

**Plan Description** - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**8. DEFINED PENSION BENEFIT PLANS (Continued)**

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CP offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**Funding Policy** - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority of member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2009, 2008, and 2007 were \$327,793, \$317,665, and \$319,349, respectively; 83.56 percent has been contributed for fiscal year 2009 and 100 percent has been contributed for fiscal years 2008 and 2007.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

**Plan Description** – The District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

**Funding Policy** – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$12,858.

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

The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$27,767, \$26,830, and \$21,115 respectively; 44.45 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and were \$5,007, \$4,236, and \$4,325, respectively; 44.45 percent has been contributed for fiscal year 2009 and 100 percent for fiscal year 2008 and 2007.

**B. State Teachers Retirement System**

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

**Funding Policy** – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$25,215, \$24,436, and \$24,565, respectively; 83.56 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**10. LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the District during fiscal year 2009 were as follows:

	<b>Balance at 7/1/2008</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at 6/30/2009</b>	<b>Due Within One Year</b>
1995 School Improvement Bonds 5.85 – 8.25%	\$ 170,000		\$10,000	\$ 160,000	\$ 10,000
1989 School Improvement Bonds 7.125%	250,000		50,000	200,000	50,000
2006 OSFC Project Bonds 3.50 – 4.40%	3,680,000		70,000	3,610,000	75,000
<b>Total Long-Term Obligations</b>	<b><u>\$4,100,000</u></b>		<b><u>\$130,000</u></b>	<b><u>\$3,970,000</u></b>	<b><u>\$135,000</u></b>

- A. 1995 School Improvement Bonds** - On March 1, 1995, the District issued \$260,000 in voted general obligation bonds for a building addition. The bonds were issued for a twenty-four year period, with final maturity in fiscal year 2019. The bonds are being retired through the Bond Retirement Debt Service Fund.
- B. 1989 School Improvement Bonds** - On September 1, 1989, the District issued \$1,033,000 in voted general obligation bonds for classroom additions. The bonds were issued for a twenty-three year period, with final maturity in fiscal year 2013. The bonds are being retired through the Bond Retirement Debt Service Fund.
- C. 2006 School Facilities Loan** – On April 13, 2006, the District issued \$3,750,000 in voted general obligation bonds for classroom additions. The bonds were issued for a twenty-seven year period, with final maturity in fiscal year 2033. The bonds consisted of \$890,000 of serial coupon bonds, \$2,820,000 in term bonds, and \$40,000 in capital appreciation bonds. The bonds are being retired through the Bond Retirement Debt Service Fund.

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**10. LONG-TERM OBLIGATIONS (Continued)**

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

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

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

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

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

The Capital Appreciation Serial Bonds will mature in fiscal years 2014 through 2015. The maturity amounts of these bonds are \$22,005 and \$17,993.75, respectively, for a total maturity of \$39,998.75.

Principal and interest requirements to retire general long-term obligations at June 30, 2009, were as follows:

<u>Year Ending June 30, 2008</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 135,000	\$ 170,288	\$ 305,288
2011	165,000	162,691	327,691
2012	175,000	154,279	329,279
2013	180,000	145,435	325,435
2014	135,000	138,028	273,028
2015 - 2019	530,000	849,244	1,379,244
2020 - 2024	780,000	490,375	1,270,375
2025 - 2029	965,000	307,036	1,272,036
2030 - 2033	905,000	80,851	985,851
Total	<u>\$3,970,000</u>	<u>\$2,498,227</u>	<u>\$6,468,227</u>

**11. SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**11. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)**

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and capital improvements for fiscal year 2009. Disclosure of this information is required by State statute.

	<b>Textbooks</b>	<b>Capital Acquisition</b>
Set-aside Cash Balance as of June 30, 2008	\$ 97,202	(\$3,750,000)
Current Year Set-aside Requirement	92,657	92,657
Qualifying Offsets		(160,315)
Qualifying Disbursements	(64,096)	
Cash Balance	125,763	(\$3,817,658)
Reserve Balance June 30, 2009	\$125,763	
Cash Balance Carried Forward to FY 2010	\$125,763	(\$3,750,000)

Since the District did not have qualifying disbursements equal to the textbook set-aside in 2009, the balance is carried forward to the subsequent year in the General Fund as a reserve for textbooks.

During fiscal year 2009, the District had offsets greater than the set-aside requirement for capital improvements, however, only the excess that is attributable to the bond proceeds may be carried forward to subsequent years.

**12. JOINTLY GOVERNED ORGANIZATIONS**

**A. Western Ohio Computer Organization**

The District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, and Shelby Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Organization is governed by a board of directors consisting of 14 members: the Superintendent of the Fiscal Agent, two Superintendents from each county that is represented, one treasurer representative, a student services representative, and non-voting independent district representative. The degree of control exercised by any participating member is limited to its representation on the board. Financial information can be obtained from Cathy Doseck, Treasurer, Shelby County Educational Service Center (fiscal agent to the Western Ohio Computer Organization,) 129 E. Court St., Sidney, Ohio 45365.

**B. Ohio Hi-Point Joint Vocational School**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**12. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**C. Auglaize County Local Professional Development Committee**

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

**D. West Central Regional Professional Development Center**

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

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

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

**E. Southwestern Ohio Educational Purchasing Council (SOEPC)**

The Southwestern Ohio Educational Purchasing Cooperative (SOEPC) was established in 1986 among educational entities located in southwestern Ohio to purchase instructional and operational supplies and materials. The SOEPC is organized under Ohio law as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. The SOEPC is governed by an elected Board consisting of ten representatives of the educational entities and the superintendent from the Montgomery County Educational Service Center. The Board, except for the superintendent from the Montgomery County Educational Service Center, is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 1831 Harshman Road, Dayton, Ohio 45424.

**13. GROUP PURCHASING POOLS**

**A. Mercer Auglaize Employee Benefit Trust**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**13. GROUP PURCHASING POOLS (Continued)**

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

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Jim Mauntler, Schmidt, Long, and Associates, Inc., 4159 Holland-Sylvania Road, Suite 103, Toledo, Ohio 43623.

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

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

**C. Ohio School Plan**

The District participates in the Ohio School Plan (the Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members, which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services.

The Plan's business and affairs are conducted by a fifteen-member board consisting of superintendents, Treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative, which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

**14. CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 District at June 30, 2009.

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)

15. RESTRICTED ASSETS

The following amount, which is reflected on the Balance Sheet – Governmental Funds at fiscal year-end 2009, is restricted for textbooks.

	<u>Governmental Activities</u>
<b>Restricted Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$125,763

**This page intentionally left blank.**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The discussion and analysis of the financial performance of Waynesfield-Goshen Local School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2008 are as follows:

- General revenues accounted for \$5,373,746, or 34 percent of all revenues. Program specific revenues in the form of operating grants and contributions accounted for \$10,487,309, or 66 percent of total revenues of \$15,861,055.
- Total program disbursements during 2008 were \$17,803,168 of which 59 percent were covered by program revenues.
- In total, net assets decreased \$1,942,113. This decrease is primarily the result of decrease in the Ohio School Facilities Commission money and the spending of these resources for the construction of the new District building.
- The District's major fund includes the General Fund, the Locally Funded Initiatives Fund, and the Classroom Facilities Fund.
- The General Fund had \$5,187,762 in revenues and other financing sources and \$5,431,653 in expenditures. General Fund's balance decreased \$243,891 from the prior fiscal year primarily the result of an increase in instruction costs.
- The Locally Funded Initiatives Fund had \$90,034 in revenues and \$1,002,271 in expenditures. The Locally Funded Initiatives Fund's balance decreased \$912,237 from the prior fiscal year as a result of expenditures for the new District building.
- The Classroom Facilities Fund had \$9,432,113 in revenues and \$10,319,873 in expenditures. The Classroom Facilities Fund's balance decreased \$887,760 from the prior fiscal year as a result of expenditures for the new District building.

**Using the Basic Financial Statements**

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

The statement of net assets and the statement of activities, both reported on the modified cash basis, provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund, Locally Funded Initiatives Fund, and the Classroom Facilities Fund are the most significant funds.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**Reporting the District as a Whole**

**Statement of Net Assets and Statement of Activities**

The statement of net assets and the statement of activities reflect how the District did financially during fiscal year 2008. These statements are reported on the modified cash basis of accounting, which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

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

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

**Fund Financial Statements**

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund, the Locally Funded Initiatives Fund, and the Classroom Facilities Fund.

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**The District as a Whole**

Table 1 provides a summary of the District's net assets for fiscal year 2008 compared to fiscal year 2007. The decrease in the District's current assets was attributed to the decrease in the Ohio School Facilities Commission money.

**Table 1  
Net Assets - Modified Cash Basis  
Governmental Activities**

	<u>2008</u>	<u>2007</u>
<b>Assets:</b>		
Current and Other Assets	\$9,823,684	\$11,765,797
Total Assets	<u>9,823,684</u>	<u>11,765,797</u>
<b>Net Assets:</b>		
Restricted	7,130,179	8,828,401
Unrestricted	2,693,505	2,937,396
Total	<u>\$9,823,684</u>	<u>\$11,765,797</u>

Table 2 reflects the changes in net assets for fiscal year 2008.

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

	<u>2008</u>	<u>2007</u>
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for Services and Sales	\$ 474,966	\$ 400,778
Operating Grants, Contributions and Interest	762,734	729,850
Capital Grants and Contributions	9,249,609	4,839,231
Total Program Revenues	<u>10,487,309</u>	<u>5,969,859</u>
<b>General Revenues:</b>		
Property Taxes	1,217,274	1,245,538
Income Taxes	554,138	491,660
Grants and Entitlements	3,155,233	3,093,905
Interest	398,817	397,501
Gifts and Donations	4,750	
Miscellaneous	15,508	12,468
Proceeds from Sale of Capital Assets	28,026	9,182
General Obligation Bonds Issued		948
Total General Revenues	<u>5,373,746</u>	<u>5,251,202</u>
Total Revenues	<u>15,861,055</u>	<u>11,221,061</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

<b>Expenses:</b>		
Instruction	3,534,300	3,374,229
<b>Support Services:</b>		
Pupils	232,700	215,384
Instructional Staff	239,186	218,742
Board of Education	18,852	32,931
Administration	608,279	529,974
Fiscal	211,842	193,829
Operation and Maintenance of Plant	570,395	484,890
Pupil Transportation	302,361	203,980
Central	7,612	11,158
Non-Instructional	192,516	180,476
Extracurricular Activities	208,778	220,950
Capital Outlay	11,362,488	1,163,350
Principal	130,000	60,000
Interest and Fiscal Charges	183,859	209,856
Total Expenses	<u>17,803,168</u>	<u>7,099,749</u>
Increase (Decrease) in Net Assets	<u>(\$1,942,113)</u>	<u>\$4,121,312</u>

**Governmental Activities**

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

**Table 3  
Governmental Activities**

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
	<u>2008</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>
Instruction	\$3,534,300	\$2,614,557	\$3,374,229	\$2,531,907
<b>Support Services:</b>				
Pupils	232,700	232,376	215,384	213,585
Instructional Staff	239,186	235,243	218,742	203,609
Board of Education	18,852	18,852	32,931	32,931
Administration	608,279	603,279	529,974	524,974
Fiscal	211,842	205,842	193,829	187,829
Operation and Maintenance of Plant	570,395	570,395	484,890	484,890
Pupil Transportation	302,361	282,471	209,980	183,900
Central	7,612	7,612	11,158	11,158
Non-Instructional	192,516	359	180,476	8,671
Extracurricular Activities	208,778	118,135	220,950	152,461
Capital Outlay	11,362,488	2,112,879	1,163,350	(3,675,881)
Principal	130,000	130,000	60,000	60,000
Interest and Fiscal Charges	183,859	183,859	209,856	209,856
Total Expenses	<u>\$17,803,168</u>	<u>\$7,315,859</u>	<u>\$7,099,749</u>	<u>\$1,129,890</u>

The dependence upon tax revenues and unrestricted state entitlements for governmental activities is apparent. Over 73 percent of instruction activities is supported through taxes and other general revenues. For all governmental activities, support from general revenues is 41 percent. The remaining 59 percent is derived from tuition and fees, specific grants, and donations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**The District's Funds**

The District's governmental funds are accounted for using the modified cash basis of accounting. The District's major governmental funds are the General Fund, the Locally Funded Initiatives Fund, and the Classroom Facilities Fund. Total governmental funds had revenues and other financing sources of \$15,861,055 and expenditures of \$17,803,168. The net negative change of \$1,942,113 in fund balance for the year indicates that the District was not able to meet current costs.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2008, the District amended its General Fund budget as needed.

Final estimated revenues were \$5,171,745, which was less than actual receipts of \$5,187,762. Final expenditures were budgeted at \$5,546,864 while actual expenditures were \$5,533,977. The \$12,888 difference is primarily due to a conservative "worst case scenario" approach. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

**Debt Administration**

**Debt**

At June 30, 2008, the District had \$4,100,000 in school improvement general obligation bonds for building improvements. The first bond issue was issued in 1989 and will mature December 1, 2012. The second bond issue was issued in 1995 and will mature December 1, 2018. The third bond issue was issued in 2005 and will mature in December 1, 2032. The bonds are being retired through the Bond Retirement Debt Service Fund.

At June 30, 2008, the District's overall legal debt margin was (\$304,432), with an un-voted debt margin of \$39,458. The District was approved as a special needs district by the Ohio Department of Education pursuant to the Ohio Revised Code Section 133.06(E) based on future tax valuation of \$60,454,877 and a total indebtedness (based on the project valuation) of approximately 7.1954%.

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

**Current Issues**

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

The District is currently operating in the first year of the state biennium budget. 13 percent of District revenue sources were from local funds, 58 percent was in the form of state draw downs for the school building project, and the remaining 29 primarily from state and federal funds. The total expenditure per pupil was calculated at \$8,510 for fiscal year 2008.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**Contacting the District's Financial Management**

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

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

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
JUNE 30, 2008**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$6,237,007
Cash and Cash Equivalents with Escrow Agents	600,413
Investments	2,986,264
Total Assets	<u>9,823,684</u>
<b>Net Assets:</b>	
<b>Restricted for:</b>	
Debt Service	244,356
Capital Outlay	6,613,786
Other Purposes	272,037
Unrestricted	2,693,505
Total Net Assets	<u>\$9,823,684</u>

*See accompanying notes to the basic financial statements.*

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

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Program Revenues			Net(Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				<b>Governmental Activities</b>
<b>Instruction:</b>				
Regular	\$2,630,173	\$251,200	\$208,312	(\$2,170,661)
Special	440,974		420,045	(20,929)
Vocational	147,286		40,186	(107,100)
Other	315,867			(315,867)
<b>Support Services:</b>				
Pupils	232,700		324	(232,376)
Instructional Staff	239,186		3,943	(235,243)
Board of Education	18,852			(18,852)
Administration	608,279		5,000	(603,279)
Fiscal	211,842		6,000	(205,842)
Operation and Maintenance of Plant	570,395			(570,395)
Pupil Transportation	302,361		19,890	(282,471)
Central	7,612			(7,612)
Operation of Non-Instructional Services	192,516	133,123	59,034	(359)
Extracurricular Activities	208,778	90,643		(118,135)
Capital Outlay	11,362,488			9,249,609 (2,112,879)
<b>Debt Service:</b>				
Principal	130,000			(130,000)
Interest and Fiscal Charges	183,859			(183,859)
<b>Totals</b>	<u>\$17,803,168</u>	<u>\$474,966</u>	<u>\$762,734</u>	<u>\$9,249,609</u> <u>(7,315,859)</u>

**General Revenues:**

**Taxes:**

Property Taxes, Levied for General Purposes	726,529
Property Taxes, Levied for Capital Outlay	166,381
Property Taxes, Levied for Debt Service	290,867
Property Taxes, Levied for School Facilities	33,497
Income Taxes	554,138
Grants and Entitlements not Restricted to Specific Programs	3,155,233
Gifts and Donations	4,750
Investment Earnings	398,817
Miscellaneous	15,508
Proceeds from Sale of Capital Assets	28,026
<b>Total General Revenues</b>	<u>5,373,746</u>
Change in Net Assets	(1,942,113)
Net Assets Beginning of Year	11,765,797
<b>Net Assets End of Year</b>	<u>\$9,823,684</u>

See accompanying notes to the basic financial statements.

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2008

	General Fund	Locally Funded Initiatives Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$2,382,384	\$303,060	\$2,452,027	\$1,002,334	\$6,139,805
Cash and Cash Equivalents with Escrow Agent		84,058	516,355		600,413
Investments	213,919	620,629	2,151,716		2,986,264
<b>Restricted Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	97,202				97,202
Total Assets	<u>2,693,505</u>	<u>1,007,747</u>	<u>5,120,098</u>	<u>1,002,334</u>	<u>9,823,684</u>
<b>Fund Balances:</b>					
Reserved for Encumbrances	102,323	125,047	936,604	12,765	1,176,739
Reserved for Textbooks	97,202				97,202
<b>Unreserved, Undesignated, Reported in:</b>					
General Fund	2,493,980				2,493,980
Special Revenue Funds				267,801	267,801
Debt Service Funds				244,356	244,356
Capital Projects Funds		882,700	4,183,494	477,412	5,543,606
Total Fund Balances	<u>2,693,505</u>	<u>1,007,747</u>	<u>5,120,098</u>	<u>1,002,334</u>	<u>9,823,684</u>
Total Liabilities and Fund Balances	<u>\$2,693,505</u>	<u>\$1,007,747</u>	<u>\$5,120,098</u>	<u>\$1,002,334</u>	<u>\$9,823,684</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>General Fund</u>	<u>Locally Funded Initiatives Fund</u>	<u>Classroom Facilities Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Property and Other Local Taxes	\$726,529			\$490,745	\$1,217,274
Income Tax	554,138				554,138
Intergovernmental	3,520,345		\$9,249,609	397,622	13,167,576
Interest	107,545	\$90,034	182,504	18,734	398,817
Tuition and Fees	235,671			15,529	251,200
Extracurricular Activities				90,643	90,643
Gifts and Donations				4,750	4,750
Sales/Charges for Services				133,123	133,123
Miscellaneous	15,508				15,508
Total Revenues	<u>5,159,736</u>	<u>90,034</u>	<u>9,432,113</u>	<u>1,151,146</u>	<u>15,833,029</u>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	2,474,440			155,733	2,630,173
Special	354,273			86,701	440,974
Vocational	147,286				147,286
Other	315,867				315,867
<b>Support Services:</b>					
Pupils	231,976			724	232,700
Instructional Staff	188,493			50,693	239,186
Board of Education	18,852				18,852
Administration	601,586			6,693	608,279
Fiscal	195,136			16,706	211,842
Operation and Maintenance of Plant	539,379			31,016	570,395
Pupil Transportation	239,931			62,430	302,361
Central	7,612				7,612
Operation of Non-Instructional Services	280			192,236	192,516
Extracurricular Activities	116,542			92,236	208,778
Capital Outlay		1,002,271	10,319,873	40,344	11,362,488
<b>Debt Service:</b>					
Principal				130,000	130,000
Interest				183,859	183,859
Total Expenditures	<u>5,431,653</u>	<u>1,002,271</u>	<u>10,319,873</u>	<u>1,049,371</u>	<u>17,803,168</u>
Excess of Revenues Over (Under) Expenditures	<u>(271,917)</u>	<u>(912,237)</u>	<u>(887,760)</u>	<u>101,775</u>	<u>(1,970,139)</u>
<b>Other Financing Sources:</b>					
Proceeds from Sale of Capital Assets	28,026				28,026
Net Change in Fund Balances	(243,891)	(912,237)	(887,760)	101,775	(1,942,113)
Fund Balances at Beginning of Year	2,937,396	1,919,984	6,007,858	900,559	11,765,797
Fund Balances at End of Year	<u>\$2,693,505</u>	<u>\$1,007,747</u>	<u>\$5,120,098</u>	<u>\$1,002,334</u>	<u>\$9,823,684</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS  
GENERAL FUND**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with</u>
<b>Revenues:</b>				
Property and Other Local Taxes	\$739,792	\$726,616	\$726,529	(\$87)
Income Tax	491,660	554,138	554,138	
Intergovernmental	3,452,687	3,503,737	3,520,345	16,608
Interest	122,788	107,788	107,545	(243)
Tuition and Fees	189,129	235,674	235,671	(3)
Rent	102			
Miscellaneous	12,468	15,610	15,508	(102)
Total Revenues	<u>5,008,626</u>	<u>5,143,563</u>	<u>5,159,736</u>	<u>16,173</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	2,650,850	2,512,328	2,509,989	2,339
Special	415,647	354,763	354,622	141
Vocational	144,862	180,442	180,430	12
Other	308,680	315,867	315,867	
<b>Support Services:</b>				
Pupils	230,782	232,507	232,365	142
Instructional Staff	198,977	193,509	188,493	5,016
Board of Education	31,305	26,998	26,980	18
Administration	628,088	616,425	611,376	5,049
Fiscal	185,739	195,149	195,136	13
Operation and Maintenance of Plant	494,226	552,675	552,628	47
Pupil Transportation	244,629	241,746	241,656	90
Central	7,613	7,613	7,612	1
<b>Operation of Non-Instructional Services:</b>				
Food Service Operations	11,230	280	280	
Extracurricular Activities				
Academic Oriented Activities	109,442	110,106	110,086	20
Sport Oriented Activities	6,445	6,456	6,456	
Total Expenditures	<u>5,668,515</u>	<u>5,546,864</u>	<u>5,533,976</u>	<u>12,888</u>
Excess of Revenues (Under) Expenditures	<u>(659,889)</u>	<u>(403,301)</u>	<u>(374,240)</u>	<u>29,061</u>
<b>Other Financing Sources:</b>				
Proceeds from Sale of Capital Assets	9,182	28,182	28,026	(156)
Total Other Financing Sources	<u>9,182</u>	<u>28,182</u>	<u>28,026</u>	<u>(156)</u>
Net Change in Fund Balances	<u>(650,707)</u>	<u>(375,119)</u>	<u>(346,214)</u>	<u>28,905</u>
Fund Balance at Beginning of Year	2,850,830	2,850,830	2,850,830	
Prior Year Encumbrances Appropriated	86,566	86,566	86,566	
Fund Balance at End of Year	<u>\$2,286,689</u>	<u>\$2,562,277</u>	<u>\$2,591,182</u>	<u>\$28,905</u>

See accompanying notes to the basic financial statements.

WAYNESFIELD-GOSHEN LOCAL SCHOOL DISTRICT  
AUGLAIZE COUNTY

STATEMENT OF FIDUCIARY NET ASSETS  
MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2008

	<u>Agency Fund</u>
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$24,641
Total Assets	<u>24,641</u>
<b>Liabilities:</b>	
Undistributed Monies	24,641
Total Liabilities	<u>\$24,641</u>

*See accompanying notes to the basic financial statements.*

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

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

During fiscal year 2008, the District was staffed by 30 non-certified employees and 50 certified teaching personnel who provided services to 572 students and other community members.

**The Reporting Entity**

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

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

The District is associated with five jointly governed organizations and three public entity risk pools. These organizations are the Western Ohio Computer Organization (WOCO), Ohio Hi-Point Joint Vocational School, Auglaize County Local Professional Development Committee, West Central Regional Professional Development Center, Southwestern Ohio Educational Purchasing Council, Mercer Auglaize Employee Benefit Trust, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 13 and 14 to the basic financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Basis of Accounting**

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

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

**B. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

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

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

**2. Fund Financial Statements**

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

**C. Fund Accounting**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. Governmental Funds:**

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The General Fund, Locally Funded Initiatives Fund, and the Classroom Facilities Fund are the District's major governmental funds during 2008

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

**Locally Funded Initiatives Fund** – The Locally Funded Initiatives Fund is used to account for the local revenues and expenditures related to the construction of school buildings.

**Classroom Facilities Fund** - The Classroom Facilities Fund is used to account for the revenues and expenditures related to the construction of new school buildings.

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

**2. Fiduciary Funds**

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

**D. Budgetary Process**

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

Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object level within the General Fund, and at the function and object level within all other funds are made by the District Treasurer.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

**1. Encumbrances**

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

**2. Lapsing of Appropriations**

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

**E. Cash and Investments**

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

During fiscal year 2008, the District's investments consisted of Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, and Federal Home Loan Mortgage Corporation Notes.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 amounted to \$107,545 and \$12,067 assigned from other District funds.

**F. Restricted Assets**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Capital Assets**

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

**H. Compensated Absences**

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

**I. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for post retirement health care benefits.

**I. Long-term Obligations**

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

**J. Net Assets**

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

**K. Interfund Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

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. On fund financial statements, short-term interfund loans are classified as "Advances In/Out". Interfund balances within governmental activities are eliminated on the statement of net assets. The District did not have transfer or advance activity.

**L. Fund Balance Reserves and Designations**

The District reserves those portions of fund equity which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances and textbooks. The textbook reserve represents funds set-aside by State Statute to be spent on textbooks.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**3. CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND BALANCES AND NET ASSETS**

**A. Change in Basis of Accounting**

For 2008, the District changed its reporting presentation from generally accepted accounting principles to the modified cash basis as described in Note 2.A.

**B. Restatement of Fund Balances and Net Assets**

The implementation of this change had the following effects on the fund balance of the major and nonmajor funds of the District as they were previously reported. The effects on net assets of governmental activities are also presented.

	<u>General Fund</u>	<u>Locally Funded Initiatives Fund</u>	<u>Classroom Facilities Fund</u>	<u>Other Governmental Funds</u>
Fund Balance, June 30, 2007	\$2,617,846	\$1,882,987	\$5,500,627	\$884,837
Eliminate Asset Accruals	(1,084,649)	(23,775)	(9,777,295)	(566,449)
Eliminate Liability Accruals	1,404,199	60,772	10,284,526	582,171
Restated Fund Balance, June 30, 2007	<u>\$2,937,396</u>	<u>\$1,919,984</u>	<u>\$6,007,858</u>	<u>900,559</u>

Governmental Activities Net Assets June 30, 2007 22,875,220

**Eliminate Government-Wide Financial Statement Adjustments:**

Material and Supplies Inventory	(3,232)
Accrued Interest Receivable	(65,015)
Accounts Receivable	(124)
Intergovernmental Receivable	(9,747,767)
Taxes Receivable	(1,387,628)
Income Taxes Receivable	(248,402)
Capital Assets	(6,618,984)
Accounts Payable	38,217
Accrued Wages and Benefits	477,326
Contracts Payable	597,531
Intergovernmental Payable	127,720
Matured Compensated Absences Payable	16,142
Deferred Revenue	1,250,214
Long Term Liabilities	4,454,579
Adjusted Governmental Activities Net Assets June 30, 2007	<u>\$11,765,797</u>

**4. COMPLIANCE**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**5. DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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

**A. Deposits**

At fiscal year-end 2008, the carrying amount of the District's deposits was \$6,862,061. Based in the criteria described in GASB Statement 40, "Deposits and Investments Risk Disclosure," as of June 30, 2008, \$6,684,988 of the District's bank balance of \$6,884,988 was exposed to custodial risk as discussed below, while \$200,000 was covered by Federal Deposit Insurance Corporation.

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

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

**B. Investments**

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment Type</u>	<b>Carrying And Fair</b>		
	<b>Value</b>	<b>2-3 Years</b>	<b>3-5 Years</b>
Federal Home Loan Bank Notes	\$ 502,434		\$ 502,434
Federal Home Loan Mortgage Corporation Notes	1,001,581	\$ 500,130	501,451
Federal National Mortgage Association Notes	1,482,249	500,000	982,249
Total Investments	<u>\$2,986,264</u>	<u>\$1,000,130</u>	<u>\$1,986,134</u>

**Interest Rate Risk** - The District's investment policy and State statute require that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

**Credit Risk** - The Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes, and Federal National Mortgage Association Notes carry a rating of Aaa by Moody's and AAA by Standard and Poor's. The District has no investment policy that would further limit its investment choices.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes and Federal National Mortgage Association Notes are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Concentration of Credit Risk** - The District places no limit on the amount it may invest in any one issuer, however District policy and State statute limit investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time. The District's investment in Federal Home Loan Bank Notes, Federal Home Loan Mortgage Corporation Notes and Federal National Mortgage Association Notes represents 16%, 34%, and 50%, respectively, of the District's total investments for 2008.

**6 PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2008 represent the collection of calendar year 2007 taxes.

Real property taxes for 2008 were levied after April 1, 2007, on the assessed values as of January 1, 2007, the lien date.

Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes for 2008 were levied after April 1, 2007, on the assessed values as of December 31, 2006, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**6 PROPERTY TAXES (Continued)**

Tangible personal property tax revenues received in calendar year 2008 (other than public utility property) represent the collection of calendar year 2008 taxes. Tangible personal property taxes for 2008 were levied after April 1, 2008, on the value as of December 31, 2007. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Auglaize and Logan Counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	<b>2007 Second- Half Collections</b>		<b>2008 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Commercial/Industrial	\$ 1,671,010	4%	\$ 1,711,860	4%
Residential/Agricultural	35,708,220	91%	36,451,200	93%
Public Utilities	1,259,160	3%	908,250	2%
General Personal Property	558,034	2%	386,610	1%
Total Assessed Value	<u>\$39,196,424</u>	<u>100%</u>	<u>\$39,457,920</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$47.70		\$47.10	

**7. INCOME TAX**

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

**8. RISK MANAGEMENT**

**A. Property and Liability Insurance**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the District contracted for the following insurance coverages. Property and fleet coverages provided by Southwestern Ohio Educational Council Liability, Fleet and Property Program are as follows:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

	<u>Maximum Deductible</u>	<u>Coverage</u>
Building and Contents – replacement cost (Includes boiler and machinery)	\$1,000/3,500	\$16,062,337
Commercial Auto/Business Auto	1,000	1,000,000
Musical Instruments	1,000	
Audio Visual Equipment/Radios	1,000	
Computers	1,000	
Miscellaneous Scheduled Property	1,000	

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

	<u>Maximum Deductible</u>	<u>Coverage</u>
<b>General Liability:</b>		
Per Occurrence	N/A	\$1,000,000
Total Per Year	N/A	3,000,000

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

**B. Insurance Risk Pool**

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

**C. Workers' Compensation Group Rating Plan**

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

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

The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Program.

Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**8. RISK MANAGEMENT (Continued)**

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

**9. DEFINED PENSION BENEFIT PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853. It is also posted on the SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. 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 District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 were \$58,794, \$63,599, and \$58,855, respectively; 45.25 percent has been contributed for fiscal year 2008 and 100% has been contributed for fiscal years 2007 and 2006.

**B State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. 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 times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**9. DEFINED PENSION BENEFIT PLANS (Continued)**

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 Defined Benefit 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.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member 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, plan members are required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2008, 2007, and 2006 were \$317,665, \$319,349, and \$301,499, respectively; 83.17 percent has been contributed for fiscal year 2008 and 100% has been contributed for fiscal years 2007 and 2006.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**10. POSTEMPLOYMENT BENEFITS**

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**10. POSTEMPLOYMENT BENEFITS (Continued)**

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 cost will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2008, the STRS Board allocated contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$24,436, \$25,565, and \$23,192 respectively; 83.17 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007, (the latest information available) the balance in the Fund was \$4.1 billion. For the year ended June 30, 2007, net health care costs paid by STRS were \$265,558,000 and STRS has 122,934 eligible benefit recipients.

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

**A. Medicare Part B 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 2007 was \$93.50; 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 2008, the actuarially required allocation was .66%. The District's contributions for the year ended June 30, 2008 were \$4,236, which equaled the required contributions for the year. The District's contributions for the fiscal years ended June 30, 2008, 2007, and 2006 were \$4,236, \$4,325, and \$4,684 respectively; 45.25 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**B. Health Care Plan**

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**10. POSTEMPLOYMENT BENEFITS (Continued)**

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, 2008, the health care allocation was 4.18%. The actuarially required contribution (ARC), as of the December 31, 2007 annual valuation, was 9.82% 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 District's contributions for the years ended June 30, 2008, 2007, and 2006 were \$26,830, \$21,115, and \$20,539, respectively; 45.25 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For 2008, this amount was \$12,858.

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*.

**11. LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the District during fiscal year 2008 were as follows:

	<u>Balance at 7/1/2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at 6/30/2008</u>	<u>Due Within One Year</u>
1995 School Improvement Bonds 5.85 – 8.25%	\$ 180,000		\$ 10,000	\$ 170,000	\$ 10,000
1989 School Improvement Bonds 7.125%	300,000		50,000	250,000	50,000
2006 OSFC Project Bonds 3.50 – 4.40%	3,750,000		70,000	3,680,000	70,000
Total Long-Term Obligations	<u>\$4,230,000</u>		<u>\$130,000</u>	<u>\$4,100,000</u>	<u>\$130,000</u>

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**11. LONG-TERM OBLIGATIONS (Continued)**

- B. 1989 School Improvement Bonds** - On September 1, 1989, the District issued \$1,033,000 in voted general obligation bonds for classroom additions. The bonds were issued for a twenty-three year period, with final maturity in fiscal year 2013. The bonds are being retired through the Bond Retirement Debt Service Fund.
- C. 2006 School Facilities Loan** – On April 13, 2006, the District issued \$3,750,000 in voted general obligation bonds for classroom additions. The bonds were issued for a twenty-seven year period, with final maturity in fiscal year 2032. The bonds consisted of \$890,000 of serial coupon bonds, \$2,820,000 in term bonds, and \$40,000 in capital appreciation bonds. The bonds are being retired through the Bond Retirement Debt Service Fund.

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

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**11. LONG-TERM OBLIGATIONS (Continued)**

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

The Capital Appreciation Serial Bonds will mature in fiscal years 2014 through 2015. The maturity amounts of these bonds are \$22,005 and \$17,993.75, respectively, for a total maturity of \$39,998.75.

Principal and interest requirements to retire general long-term obligations at June 30, 2008, were as follows:

<b>Year Ending June 30, 2008</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2009	\$ 130,000	\$ 177,167	\$ 307,167
2010	135,000	170,288	305,288
2011	165,000	162,691	327,691
2012	175,000	154,279	329,279
2013	180,000	145,435	325,435
2014-2018	505,000	870,331	1,375,331
2019-2023	770,000	522,400	1,292,400
2024-2028	925,000	347,509	1,272,509
2029-2033	1,115,000	125,291	1,240,291
Total	<u>\$4,100,000</u>	<u>\$2,675,391</u>	<u>\$6,775,391</u>

**12. SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and capital improvements for fiscal year 2008. Disclosure of this information is required by State statute.

	<b>Textbooks</b>	<b>Capital Acquisition</b>
Set-aside Cash Balance as of June 30, 2007	\$62,421	(\$3,750,000)
Current Year Set-aside Requirement	93,445	93,445
Qualifying Offsets		(163,451)
Qualifying Disbursements	(58,664)	
Cash Balance Carried at June 30, 2008	<u>\$97,202</u>	<u>(\$3,820,006)</u>
Cash Balance Carried Forward to FY 2009	\$97,202	(\$3,750,000)
Reserve Balance June 30, 2008	\$97,202	

Since the District did not have qualifying disbursements equal to the textbook set-aside in 2008, the balance is carried forward to the subsequent year in the General Fund as a reserve for textbooks.

During fiscal year 2008, the District had offsets greater than the set-aside requirement for capital improvements, however, only the excess that is attributable to the bond proceeds may be carried forward to subsequent years.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**13. JOINTLY GOVERNED ORGANIZATIONS**

**A. Western Ohio Computer Organization**

The District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, and Shelby Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Organization is governed by a board of directors consisting of 14 members: the Superintendent of the Fiscal Agent, two Superintendents from each county that is represented, one treasurer representative, a student services representative, and non-voting independent district representative. The degree of control exercised by any participating member is limited to its representation on the board. Financial information can be obtained from Cathy Doseck, Treasurer, Shelby County Educational Service Center (fiscal agent to the Western Ohio Computer Organization,) 129 E. Court St., Sidney, Ohio 45365.

**B. Ohio Hi-Point Joint Vocational School**

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

**C. Auglaize County Local Professional Development Committee**

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

**D. West Central Regional Professional Development Center**

The West Central Regional Professional Development Center (the Center) is a jointly governed organization among the school districts in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties. The organization was formed to establish an articulated regional structure for professional development in which school districts, the business community, higher education, and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**13. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**E. Southwestern Ohio Educational Purchasing Council (SOEPC)**

The Southwestern Ohio Educational Purchasing Cooperative (SOEPC) was established in 1986 among educational entities located in southwestern Ohio to purchase instructional and operational supplies and materials. The SOEPC is organized under Ohio law as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. The SOEPC is governed by an elected Board consisting of ten representatives of the educational entities and the superintendent from the Montgomery County Educational Service Center. The Board, except for the superintendent from the Montgomery County Educational Service Center, is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 1831 Harshman Road, Dayton, Ohio 45424.

**14. GROUP PURCHASING POOLS**

**A. Mercer Auglaize Employee Benefit Trust**

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

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

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Jim Mauntler, Schmidt, Long, and Associates, Inc., 4159 Holland-Sylvania Road, Suite 103, Toledo, Ohio 43623.

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

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

**C. Ohio School Plan**

The District participates in the Ohio School Plan (the Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members, which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
(Continued)**

**14. GROUP PURCHASING POOLS**

The Plan's business and affairs are conducted by a fifteen-member board consisting of superintendents, Treasurers, the president of Harcum-Hyre Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative, which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

**15. CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 District at June 30, 2008.

**16. RESTRICTED ASSETS**

The following amount, which is reflected on the Balance Sheet – Governmental Funds at fiscal year-end 2008, is restricted for textbooks.

	<b>Governmental Activities</b>
<b>Restricted Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$97,202



# Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waynesfield-Goshen Local School District, Auglaize County (the District), as of and for the fiscal years ended June 30, 2009 and 2008 which collectively comprise the District's basic financial statements and have issued our report thereon dated January 5, 2010 wherein, we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001, 2009-002, and 2009-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 5, 2010.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and the Board of Education. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

January 5, 2010

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

**SCHEDULE OF FINDINGS  
FOR THE FISCAL YEARS ENDING JUNE 30, 2009 AND 2008**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2009-001**

**Noncompliance Citation**

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

**Ohio Adm. Code Section 117-2-03(B)** requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP). For fiscal years 2009 and 2008, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

To help provide the users with more meaningful financial statements, the District should prepare their financial statements according to generally accepted accounting principles.

**OFFICIALS' RESPONSE:**

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

**FINDING NUMBER 2009-002**

**Noncompliance Citation**

**Ohio Rev. Code Section 135.13** states that interim deposits are certificates of deposit maturing not more than one year from the deposit date, or savings or deposit accounts, including passbook accounts. **Ohio Rev. Code Section 135.144** permits governments to use the Certificate of Deposit Account Registry Services (CDARS) or similar programs meeting Ohio Rev. Code §135.144 requirements for interim deposits. At June 30, 2009, the District held ten \$100,000 negotiable certificates of deposit with maturity dates greater than one year from the purchase date. These certificates of deposit were purchased on-behalf of the District by a bank used by the District for investments.

In addition to violating the Ohio Revised Code, the failure to deposit interim deposit in certificates of deposits with an allowed maturity period may result in the District not having adequate available deposits to meet short-term financing needs.

**FINDING NUMBER 2009-002  
(Continued)**

The District should implement monitoring procedures to help assure that interim deposits are not used to purchase certificates of deposit with a maturity period of more than one year.

**OFFICIALS' RESPONSE:**

Working with the investment representative from Fifth Third on the District's investments, I was unaware the "Brokerage CDs" purchased were not qualified to be considered investment securities. These Brokerage CDs were classified as regular CDs and therefore should have been invested with a maturity date of less than one year. Before any further investments of over 1 year maturities are made, I will verify that the investment meets the allowable time before maturity.

**FINDING NUMBER 2009-003**

**Noncompliance Citation**

**Ohio Rev. Code 5705.41(D)(1)** states that no orders or contracts involving the expenditure of money are to be made unless a certificate of the fiscal officer certifying that the amount required for the order or contract has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- a. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the subdivision or taxing entity can authorize the drawing of a warrant from the payment of the amount due. The subdivision or taxing entity has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the subdivision or taxing entity.

- b. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**FINDING NUMBER 2009-003  
(Continued)**

- c. **Super blanket certificate** – The District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

During fiscal year 2008 and 2009, the District did not properly certify the availability of funds for 16.67% of transactions tested and there was no evidence that the District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, the District's Treasurer should certify that the funds are or will be available prior to the obligation of the District. When prior certification is not possible, "then and now" certification should be used.

**OFFICIALS' RESPONSE:**

I will emphasize to the signers of Purchase Requests that prior certification is needed prior to payment and watch Purchase Orders issued after invoice dates closer in the future and issue "then and now" certification as needed.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Food Service Daily Reconciliation Variance	Yes	
2007-002	Completeness of Monthly Bank to Book Reconciliations	Yes	
2007-003	Recording of Financial Activity	Yes	
2007-004	Finding for Recovery Repaid Under Audit – Overpayment of Vacation to Superintendent	Yes	
2007-005	Finding for Recovery Repaid Under Audit – Overpayment of severance payout	Yes	
2007-006	Ohio Rev. Code 5705.41(D) – 24.6% of transactions lacked prior certification	No	Repeated as finding 2009-002



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

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

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 to by the Board, solely to assist the Board in evaluating whether Waynesfield-Goshen Local School District (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. We noted the Board adopted an anti-harassment policy at its meeting on November 19, 2007.
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 includes 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 and is not intended to be and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

January 5, 2010



**Mary Taylor, CPA**  
Auditor of State

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

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED**  
**FEBRUARY 23, 2010**