



Mary Taylor, CPA
Auditor of State



Dave Yost • Auditor of State

February 1, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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DAVE YOST
Auditor of State

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**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wapakoneta City School District
Auglaize County
1102 Gardenia Drive
Wapakoneta, Ohio 45895

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 Wapakoneta City School District, Auglaize County, (the School District), as of and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wapakoneta City School District, Auglaize County, as of June 30, 2010, and the respective changes in cash financial position and budgetary comparison for the General Fund thereof for the fiscal year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures provides additional information required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The Schedule of Federal Awards Receipts and Expenditure is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

December 22, 2010

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED**

The discussion and analysis of Wapakoneta City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010, within the limitations of cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's cash basis of accounting.

The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and the related assets and liabilities. Under the School District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

The statement of net assets and the statement of activities provide information about the cash activities of the whole School District.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds, with all other non-major funds presented in total in a single column. For Wapakoneta City School District, the General Fund, the Bond Retirement debt service fund, and the Permanent Improvement, Building, and Ohio School Facilities capital projects funds are the most significant funds.

Reporting the School District as a Whole

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible.

Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the School District's general receipts.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
Unaudited
(Continued)**

These statements report the School District's cash position and the changes in cash position. Factors which contribute to these changes may also include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, the School District presents all of its activities as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, extracurricular activities, capital outlay, and debt service disbursements.

Reporting the School District's Most Significant Funds

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

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund financial statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps 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 School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs.

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2010 and fiscal year 2009:

Table 1			
Governmental Activities			
Net Assets			
	2010	2009	Change
Assets:			
Cash and Cash Equivalents	\$25,532,063	\$48,373,143	(\$22,841,080)
Net Assets:			
Restricted	20,474,782	42,721,584	(22,246,802)
Unrestricted	5,057,281	5,651,559	(594,278)
Total Net Assets	\$25,532,063	\$48,373,143	(\$22,841,080)

Total net assets decreased \$22,841,080. A portion of this decrease was related to cash carryover spending in the General Fund due to disbursements exceeding receipts and is also reflected in the decrease in unrestricted net assets. The remainder and largest portion of the decrease in net assets was due to restricted resources spent for building construction.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
Unaudited
(Continued)**

Table 2 reflects the change in net assets for fiscal year 2010 and fiscal year 2009.

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

	2010	2009	Change
Receipts:			
Program Receipts:			
Charges for Services	\$ 1,408,844	\$ 1,471,071	(\$ 62,227)
Operating Grants, Contributions, and Interest	3,385,440	2,917,002	468,438
Capital Grants and Contributions		154,235	(154,235)
Total Program Receipts	4,794,284	4,542,308	251,976
General Receipts:			
Property Taxes Levied for General Purposes	5,821,521	5,234,768	586,753
Property Taxes Levied for Debt Service	1,671,882	1,618,850	53,032
Income Taxes Levied for General Purposes	1,659,171	1,911,499	(252,328)
Income Taxes Levied for Permanent Improvements	817,203	941,484	(124,281)
Grants and Entitlements	23,558,883	29,196,124	(5,637,241)
Interest	1,185,247	1,510,357	(325,110)
Gifts and Donations	31,045	9,949	21,096
Miscellaneous	125,986	85,330	40,656
Notes Issued	1,625,000	2,000,000	(375,000)
Total General Receipts	36,495,938	42,508,361	(6,012,423)
Total Receipts	41,290,222	47,050,669	(5,760,447)
Disbursements:			
Instruction:			
Regular	14,080,327	13,888,002	(192,325)
Special	2,268,748	2,062,969	(205,779)
Vocational	436,223	543,846	107,623
Support Services:			
Pupils	1,046,560	1,021,614	(24,946)
Instructional Staff	1,700,815	1,299,774	(401,041)
Board of Education	20,279	18,445	(1,834)
Administration	1,794,758	1,849,928	55,170
Fiscal	551,432	571,542	20,110
Business	5,388	4,950	(438)
Operation and Maintenance of Plant	2,133,687	2,286,394	152,707
Pupil Transportation	1,209,300	1,506,344	297,044
Central	53,798	62,584	8,786
Non-Instructional Services	1,159,440	1,223,770	64,330
Extracurricular Activities	611,196	565,303	(45,893)
Capital Outlay	33,686,294	11,522,117	(22,164,177)
Debt Service:			
Principal Retirement	2,215,000	3,175,000	960,000
Interest and Fiscal Charges	1,158,057	1,217,071	59,014
Total Disbursements	64,131,302	42,819,653	(21,311,649)
Increase (Decrease) in Net Assets	(22,841,080)	4,231,016	(27,072,096)
Net Assets at Beginning of Year	48,373,143	44,142,127	4,231,016
Net Assets at End of Year	\$25,532,063	\$48,373,143	(\$22,841,080)

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
Unaudited
(Continued)**

Program receipts represented 12 percent of total receipts for fiscal year 2010 and are primarily represented by restricted intergovernmental receipts and charges for tuition, fees, and extracurricular activities, and food service sales. Operating grants, contributions, and interest increased due to additional grant resources received as a result of the American Reinvestment and Recovery Act. The School District did not receive any capital grants and contributions in fiscal year 2010.

The most significant change in general receipts is reflected in the decrease in unrestricted grants and entitlements as fewer resources were received in fiscal year 2010 from the Ohio School Facilities Commission for construction. The decrease in income tax and interest receipts can be attributed to the poor economic conditions of the past year.

Setting aside the costs associated with construction, the instruction program disbursements accounted for 55 percent of all disbursements. Instruction program costs, along with support service costs, did not change significantly. In fiscal year 2010, capital outlay increased significantly from the continued construction of new instructional buildings.

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, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax receipts and unrestricted state entitlements.

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2010	2009	2010	2009
Instruction:				
Regular	\$14,080,327	\$13,888,002	\$13,416,463	\$13,236,432
Special	2,268,748	2,062,969	(343,843)	52,152
Vocational	436,223	543,846	338,333	445,662
Support Services:				
Pupils	1,046,560	1,021,614	1,033,033	1,012,761
Instructional Staff	1,700,815	1,299,774	1,700,815	1,299,774
Board of Education	20,279	18,445	20,279	18,445
Administration	1,794,758	1,849,928	1,794,758	1,849,928
Fiscal	551,432	571,542	551,432	571,442
Business	5,388	4,950	5,388	4,950
Operation and Maintenance of Plant	2,133,687	2,286,394	2,133,687	2,217,696
Pupil Transportation	1,209,300	1,506,344	1,202,458	1,443,139
Central	53,798	62,584	42,366	47,584
Non-Instructional Services	1,159,440	1,223,770	(24,859)	(54,837)
Extracurricular Activities	611,196	565,303	407,357	218,029
Capital Outlay	33,686,294	11,522,117	33,686,294	11,522,117
Debt Service:				
Principal Retirement	2,215,000	3,175,000	2,215,000	3,175,000
Interest and Fiscal Charges	1,158,057	1,217,071	1,158,057	1,217,071
Total Disbursements	\$64,131,302	\$42,819,653	\$59,337,018	\$38,277,345

Costs of services were financed through user charges and grants awarded for specific programs, in the amount of \$4,794,284, or 7 percent, for fiscal year 2010. The most significant activity in fiscal year 2010 was the continued capital outlay costs for the construction and renovation of instructional buildings.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
Unaudited
(Continued)**

The cost of services for the special instruction program were fully provided for by program receipts in fiscal year 2010 due to grant resources restricted for special instruction purposes. Non-instructional services disbursements (primarily food service) and costs associated with the parochial school were fully covered by program receipts for fiscal year 2010. The primary program receipts are cafeteria sales, and state and federal subsidies and donated commodities for food service as well as operating grants for the parochial school.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. The General Fund had a 10 percent decrease in fund balance from the prior fiscal year. Although the 2 percent decrease in receipts and 4 percent decrease in disbursements were not that significant, the excess of disbursements over receipts led to cash carryover spending.

The increase in fund balance in the Bond Retirement Fund was due to receipts and note proceeds exceeding the amount needed for principal and interest payments for the fiscal year.

The changes in fund balance for the Permanent Improvement Fund and Building Fund were not significant.

The Ohio School Facilities Commission Fund had a substantial decrease in fund balance as grant resources were spent on construction.

General Fund Budgeting Highlights

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

During fiscal year 2010, the School District amended its General Fund budget as needed. Changes from the original budget to the final budget and from the final budget to actual receipts were not significant. Disbursements decreased \$1.2 million from the original budget to final budget as estimates for anticipated disbursements were reduced. Actual disbursements were \$1.4 million less than final budgeted amounts.

Debt Administration

At June 30, 2010, the School District had outstanding bond anticipation notes, in the amount of \$1,625,000 and general obligation bonds, in the amount of \$24,385,000. For further information regarding the School District's debt, refer to Notes 12 and 13 to the basic financial statements.

Current Issues

The Board of Education awarded contracts for the construction of the Cridersville Elementary and Wapakoneta Elementary schools, in the amount of \$13,127,744 and \$23,218,091, respectively, during fiscal year 2009 and 2010. These two projects were substantially complete at June 30, 2010. The Ohio School Facilities Commission provided a significant portion of the funding on these two projects, along with bond proceeds for the locally funded initiatives portion.

During fiscal year 2009, the School District awarded bids for the renovation and the construction of an addition to the middle school and renovation of the high school, in a combined award amount of \$19,370,316. Construction began in fiscal year 2010 and was approximately 75 percent complete as of June 30, 2010.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
Unaudited
(Continued)**

For fiscal year 2010, the School District did not replace three teachers and two classified employees who retired or resigned in fiscal year 2009. In addition, materials and supplies appropriations were cut by \$200,000. The Board is continuing to study efficiencies and programming in the School District to reduce expenditures due to funding cuts by the Ohio legislature.

The School District settled labor negotiations with both certified and classified employees; those contracts will expire June 30, 2011.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Susan Rinehart, Treasurer, Wapakoneta City School District, 1102 Gardenia Drive, Wapakoneta, Ohio 45895.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2010**

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$25,532,063</u></u>
Net Assets:	
Restricted for:	
Capital Projects	19,265,607
Debt Service	233,402
Other Purposes	975,773
Setasides	
Unrestricted	<u>5,057,281</u>
Total Net Assets	<u><u>\$25,532,063</u></u>

See Accompanying Notes to Basic Financial Statements.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Program Cash Receipts</u>			<u>Net (Disbursement) Receipt and Change in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants, Contributions, and Interest</u>	<u>Governmental Activities</u>
Governmental Activities:				
Current:				
Instruction:				
Regular	\$14,080,327	\$531,419	\$132,445	(\$13,416,463)
Special	2,268,748	8,103	2,604,488	343,843
Vocational	436,223		97,890	(338,333)
Support Services:				
Pupils	1,046,560		13,527	(1,033,033)
Instructional Staff	1,700,815			(1,700,815)
Board of Education	20,279			(20,279)
Administration	1,794,758			(1,794,758)
Fiscal	551,432			(551,432)
Business	5,388			(5,388)
Operation and Maintenance of Plant	2,133,687			(2,133,687)
Pupil Transportation	1,209,300	6,842		(1,202,458)
Central	53,798		11,432	(42,366)
Non-Instructional Services	1,159,440	673,766	510,533	24,859
Extracurricular Activities	611,196	188,714	15,125	(407,357)
Capital Outlay	33,686,294			(33,686,294)
Debt Service:				
Principal Retirement	2,215,000			(2,215,000)
Interest and Fiscal Charges	1,158,057			(1,158,057)
Total Governmental Activities	<u>\$64,131,302</u>	<u>\$1,408,844</u>	<u>\$3,385,440</u>	<u>(59,337,018)</u>
General Receipts:				
Property Taxes Levied for:				
General Purposes				5,821,521
Debt Service				1,671,882
Income Taxes Levied for:				
General Purposes				1,659,171
Permanent Improvements				817,203
Grants and Entitlements not Restricted to Specific Programs				23,558,883
Interest				1,185,247
Gifts and Donations				31,045
Miscellaneous				125,986
Notes Issued				1,625,000
Total General Receipts				<u>36,495,938</u>
Change in Net Assets				(22,841,080)
Net Assets at Beginning of Year				<u>48,373,143</u>
Net Assets at End of Year				<u>\$25,532,063</u>

See Accompanying Notes to Basic Financial Statements.

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**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2010**

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$5,061,011	\$233,402	\$4,114,942
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	213		
Total Assets	<u>5,061,224</u>	<u>233,402</u>	<u>4,114,942</u>
Fund Balances:			
Reserved for Encumbrances	27,802		153,617
Reserved for Unclaimed Monies	213		
Unreserved, Reported in:			
General Fund	5,033,209		
Special Revenue Funds			
Debt Service Fund		233,402	
Capital Projects Funds (Deficit)			3,961,325
Total Fund Balances	<u>\$5,061,224</u>	<u>\$233,402</u>	<u>\$4,114,942</u>

See Accompanying Notes to Basic Financial Statements.

Building	Ohio School Facilities	Other Governmental	Total Governmental Funds
\$10,311,960	\$4,838,705	\$971,830	\$25,531,850
			213
<u>10,311,960</u>	<u>4,838,705</u>	<u>971,830</u>	<u>25,532,063</u>
736,505	11,356,372	13,082	12,287,378
			213
			5,033,209
		958,748	958,748
			233,402
9,575,455	(6,517,667)		7,019,113
<u>\$10,311,960</u>	<u>\$4,838,705</u>	<u>\$971,830</u>	<u>\$25,532,063</u>

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Building</u>
Receipts:				
Property Taxes	\$5,821,521	\$1,671,882		
Income Taxes	1,659,171		\$817,203	
Intergovernmental	13,847,207	244,880	28,777	
Interest	215,038		1,983	\$386,534
Tuition and Fees	546,364			
Extracurricular Activities				
Charges for Services	103			
Gifts and Donations	10,033		18,250	
Miscellaneous	103,601	7,979		
Total Receipts	<u>22,203,038</u>	<u>1,924,741</u>	<u>866,213</u>	<u>386,534</u>
Disbursements:				
Current:				
Instruction:				
Regular	12,731,265		25,321	
Special	1,376,138			
Vocational	436,223			
Support Services:				
Pupils	1,043,047			
Instructional Staff	1,381,058		89,754	
Board of Education	20,279			
Administration	1,713,869			
Fiscal	503,055	34,935	13,442	
Business	5,388			
Operation and Maintenance of Plant	1,959,719		76,635	
Pupil Transportation	1,209,300			
Central	19,414			
Non-Instructional Services	3,974			
Extracurricular Activities	391,849			
Capital Outlay			255,271	585,858
Debt Service:				
Principal Retirement		2,215,000		
Interest and Fiscal Charges		1,158,057		
Total Disbursements	<u>22,794,578</u>	<u>3,407,992</u>	<u>460,423</u>	<u>585,858</u>
Excess of Receipts Over (Under) Disbursements	<u>(591,540)</u>	<u>(1,483,251)</u>	<u>405,790</u>	<u>(199,324)</u>
Other Financing Sources (Uses):				
Notes Issued		1,625,000		
Transfers In				
Transfers Out			(158,424)	
Total Other Financing Sources (Uses)		<u>1,625,000</u>	<u>(158,424)</u>	
Changes in Fund Balances	(591,540)	141,749	247,366	(199,324)
Fund Balances at Beginning of Year	<u>5,652,764</u>	<u>91,653</u>	<u>3,867,576</u>	<u>10,511,284</u>
Fund Balances at End of Year	<u>\$5,061,224</u>	<u>\$233,402</u>	<u>\$4,114,942</u>	<u>\$10,311,960</u>

See Accompanying Notes to Basic Financial Statements.

Ohio School Facilities	Other Governmental	Total Governmental Funds
		\$7,493,403
		2,476,374
\$9,630,933	\$3,177,297	26,929,094
581,689	107	1,185,351
		546,364
	181,458	181,458
	673,663	673,766
	17,887	46,170
	21,662	133,242
<u>10,212,622</u>	<u>4,072,074</u>	<u>39,665,222</u>
	1,323,741	14,080,327
	892,610	2,268,748
		436,223
3,513		1,046,560
	230,003	1,700,815
		20,279
	80,889	1,794,758
		551,432
		5,388
	97,333	2,133,687
		1,209,300
	34,384	53,798
	1,155,466	1,159,440
	219,347	611,196
32,845,165		33,686,294
		2,215,000
		1,158,057
<u>32,848,678</u>	<u>4,033,773</u>	<u>64,131,302</u>
<u>(22,636,056)</u>	<u>38,301</u>	<u>(24,466,080)</u>
		1,625,000
	158,424	158,424
		(158,424)
	<u>158,424</u>	<u>1,625,000</u>
(22,636,056)	196,725	(22,841,080)
<u>27,474,761</u>	<u>775,105</u>	<u>48,373,143</u>
<u>\$4,838,705</u>	<u>\$971,830</u>	<u>\$25,532,063</u>

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Property Taxes	\$5,630,362	\$5,806,138	\$5,821,521	\$15,383
Income Taxes	1,796,800	1,659,171	1,659,171	
Intergovernmental	14,459,000	13,847,207	13,847,207	
Interest	425,000	214,537	214,537	
Tuition and Fees	477,000	546,364	546,364	
Charges for Services		103	103	
Donations and Contributions				
Gifts and Donations		10,033	10,033	
Miscellaneous	6,500	103,601	103,601	
Total Receipts	<u>22,794,662</u>	<u>22,187,154</u>	<u>22,202,537</u>	<u>15,383</u>
Disbursements:				
Current:				
Instruction:				
Regular	11,795,283	11,488,909	10,816,025	672,884
Special	1,698,517	1,461,250	1,376,138	85,112
Vocational	487,135	463,170	436,223	26,947
Other	2,224,893	2,009,480	1,880,452	129,028
Support Services:				
Pupils	1,062,279	1,107,513	1,043,047	64,466
Instructional Staff	1,379,836	1,500,285	1,381,058	119,227
Board of Education	22,598	21,533	20,279	1,254
Administration	1,846,063	1,819,870	1,713,869	106,001
Fiscal	561,114	564,581	530,645	33,936
Business	12,029	5,721	5,388	333
Operation and Maintenance of Plant	2,501,097	2,086,075	1,959,719	126,356
Pupil Transportation	1,384,684	1,287,279	1,209,300	77,979
Central	65,321	20,615	19,414	1,201
Non-Instructional Services		4,220	3,974	246
Extracurricular Activities	415,737	416,085	391,849	24,236
Total Disbursements	<u>25,456,586</u>	<u>24,256,586</u>	<u>22,787,380</u>	<u>1,469,206</u>
Changes in Fund Balance	(2,661,924)	(2,069,432)	(584,843)	1,484,589
Fund Balance at Beginning of Year	5,153,000	5,153,000	5,153,000	
Prior Year Encumbrances Appropriated	56,586	56,586	56,586	
Fund Balance at End of Year	<u>\$2,547,662</u>	<u>\$3,140,154</u>	<u>\$4,624,743</u>	<u>\$1,484,589</u>

See Accompanying Notes to Basic Financial Statements.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**STATEMENT OF CASH BASIS FIDUCIARY NET ASSETS
AGENCY FUND
June 30, 2010**

Assets:

Equity in Pooled Cash and Cash Equivalents	<u><u>\$98,809</u></u>
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Net Assets:

Undistributed Assets	<u>5,663</u>
Total Net Assets	<u><u>\$5,663</u></u>

See Accompanying Notes to Basic Financial Statements.

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**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District serves an area of approximately one hundred forty-eight square miles. It is located in Auglaize County. The School District is the 147th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by one hundred nine classified employees, one hundred seventy-nine certified teaching personnel, and eleven administrative employees who provide services to three thousand thirty-six students and other community members. The School District currently operates two elementary schools, a middle school, a high school, an administration building, and an operations building.

Reporting Entity

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

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

Within the School District's boundaries, St. Joseph Elementary School is operated through the Cincinnati Catholic Diocese. Current State legislation provides funding to the parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This activity is reflected in a special revenue fund of the School District.

The School District participates in four jointly governed organizations and two insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative (NOACSC), Apollo Joint Vocational School, Northwestern Ohio Educational Research Council, Inc., Southwestern Ohio Educational Purchasing Cooperative, Ohio School Plan, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16 and 17 to the basic financial statements.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless these pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

1. Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental receipts) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

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

2. Fund Financial Statements

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

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

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

1. Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The School District's major funds are the General Fund, the Bond Retirement debt service fund, and the Permanent Improvement, Building, and Ohio School Facilities capital projects funds.

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

Bond Retirement Fund - The Bond Retirement debt service fund is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of the School District's debt obligations.

Permanent Improvement Fund - The Permanent Improvement capital projects fund is used to account for the acquisition, construction, or improvement of capital facilities.

Building Fund - The Building capital projects fund accounts for bond proceeds used to acquire, construct, or improve capital facilities based on locally funded initiatives.

Ohio School Facilities Fund - The Ohio School Facilities capital projects fund is used to account for the construction and renovation of the School District's buildings. The project is being funded with local taxes and a grant from the Ohio School Facilities Commission.

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

2. Fiduciary Funds

The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District did not have any trust funds in fiscal year 2010. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for faculty monies and student-managed activities.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the 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 the financial statements.

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 indicates the projected receipts and disbursements for those funds receiving tax monies. 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 control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer. The Budget Commission has waived the tax budget requirement for fiscal year ending 2010; a substitute form is required instead.

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 final amended certificate of estimated resources requested by the School District prior to fiscal year end.

The appropriations resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations 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.

E. Cash and Investments

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

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 2010, investments included nonnegotiable certificates of deposit, negotiable certificates of deposit, federal agency securities, and STAR Ohio. All investments, with the exception of STAR Ohio, are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 was \$215,038, which included \$42,523 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

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 in the General Fund consist of unclaimed monies.

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 cash basis of accounting used by the School District.

I. Long-Term Obligations

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

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use and not available for appropriation or disbursement. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances and unclaimed monies.

L. Interfund Activity

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

3. ACCOUNTABILITY AND COMPLIANCE

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

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies held by the School District may 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;
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);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper 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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$407,766 of the School District's bank balance of \$9,312,735 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School 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 School District or a qualified trustee by the financial institution as security for repayment, or by 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 105 percent of the deposits being secured.

B. Investments

As of June 30, 2010, the School District had the following investments.

	Total	Less Than Six Months	Six Months to One Year	One Year to Three Years	More Than Three Years
Negotiable Certificates of Deposit	\$ 6,559,744	\$ 4,823,744	\$696,000	\$588,000	\$ 452,000
Federal Home Loan Mortgage Corporation Notes	2,618,796	1,968,796			650,000
Federal Home Loan Bank Notes	6,114,291	5,764,291			350,000
Federal Home Loan Bank Bonds	4,377,060	2,943,537			1,433,523
Federal National Mortgage Association Notes	360,000				360,000
Federal Farm Credit Bank Notes	250,000			250,000	
STAR Ohio	3,074,443	3,074,443			
Total	<u>\$23,354,334</u>	<u>\$18,574,811</u>	<u>\$696,000</u>	<u>\$838,000</u>	<u>\$3,245,523</u>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District.

The negotiable certificates of deposit are insured by the FDIC. The Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Notes, Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes, and Federal Farm Credit Bank Notes carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no policy regarding credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The School District places no limit on the amount of its interim monies it may invest in a particular security. The following table indicates the percentage of each investment to the School District's total portfolio.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

	<u>Carrying Value</u>	<u>Percentage of Portfolio</u>
Federal Home Loan Mortgage Corporation	\$2,618,796	11.21%
Federal Home Loan Bank	10,491,351	44.92
Federal National Mortgage Association	360,000	1.54
Federal Farm Credit Bank	250,000	1.07

5. PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes.

Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Auglaize County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

5. PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$260,676,250	81.30%	\$263,666,630	80.86%
Industrial/Commercial	53,339,070	16.63	56,017,780	17.18
Public Utility	6,625,670	2.07	6,397,500	1.96
Total Assessed Value	<u>\$320,640,990</u>	<u>100.00%</u>	<u>\$326,081,910</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$31.30		\$31.30	

6. INCOME TAXES

The School District levies a voted tax of .5 percent for general operations and .25 percent for permanent improvements on the income of residents and of estates. The .5 percent portion of the tax was effective on January 1, 1991, and the .25 percent portion of the tax was effective on January 1, 1996. The entire voted tax is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund and the Permanent Improvement capital projects fund.

7. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District contracted for the following insurance coverage:

Ohio School Plan	
Boiler and Machinery	\$69,368,693
General Liability	
Per Occurrence	5,000,000
Aggregate	7,000,000
Automobile Liability	5,000,000
Netherlands Insurance Company	
Builders Risk	59,983,412

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

For fiscal year 2010, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

7. RISK MANAGEMENT (Continued)

For fiscal year 2010, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Plan. Each member pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the Plan.

8. CONTRACTUAL OBLIGATIONS

As of June 30, 2010, the School District had contractual commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
Milligan Construction Company	Middle and High Schools	\$158,725
Farnham Equipment Company	Middle and High Schools	191,915
Cotternam & Company, Inc.	Middle and High Schools	463,622
GM Mechanical	Middle and High Schools	601,753
Ohio Plumbing and Electrical, Inc.	Middle and High Schools	263,598
Vulcan Enterprises, Inc.	Middle and High Schools	165,601
Koester Electric, Inc.	Middle and High Schools	1,641,827
Ferguson Construction Co.	Middle and High Schools	2,688,541
Trisco Systems, Inc.	Middle and High Schools	26,530
Ohio Valley Integration Services, Inc.	Middle and High Schools	114,824
Smith-Boughan, Inc.	Middle and High Schools	283,016
Stark's, Inc.	Middle and High Schools	27,286
D & D Coatings	Middle and High Schools	112,810
Weiffenbach Marble & Tile	Middle and High Schools	105,820
Gilbane Building Company	All Schools	551,061
Innovative Office Solutions	All Schools	797,245
Douglas L. Moon	All Schools	129,275
Southeast Security Corporation	All Schools	335,289
Southeast Security Corporation	All Schools	102,421
Farnham Equipment Company	All Schools	65,500
Nu Wave Technology, Inc.	All Schools	199,890
Service Supply Ltd, Inc.	All Schools	205,023
Farnham Equipment Company	All Schools	30,942
Urban Metropolitan Development LLC	All Schools	136,000
D & R Demolition	All Schools	342,000
Bluffton Paving	All Schools	1,267,095
The Shelly Company	Cridersville Elementary	92,171
Ferguson Construction Co.	Cridersville Elementary	677,283
Slagle Mechanical Contractors	Cridersville Elementary	37,407
R.A.M.E. Inc.	Cridersville Elementary	28,220
Loopmaster International, Inc.	Cridersville Elementary	39,080
L-A Electric	Cridersville Elementary	47,979
Kelley Brothers Roofing, Inc.	Wapakoneta Elementary	62,069
JMC Mechanical, Inc.	Wapakoneta Elementary	67,141
Slagle Mechanical Contractors	Wapakoneta Elementary	44,489
Koester Electric, Inc.	Wapakoneta Elementary	175,952
Charles Construction Services	Wapakoneta Elementary	937,804

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

9. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

Plan Description - The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit Plan (DBP), a Defined Contribution Plan (DCP), and a Combined Plan (CP). The DBP offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service or on an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DCP 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 fifty 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 DBP and the DCP. In the CP, 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 DBP. The DBP portion of the CP payment is payable to a member on or after age sixty; the DCP portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DBP or CP 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 DCP who become disabled are entitled only to their account balance. If a member of the DCP 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, 2010, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the STRS Ohio 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 for member and employer contributions.

The School District's required contribution for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 was \$1,257,712, \$1,510,615, and \$1,433,385 respectively; 79 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions for the DCP and CP for the fiscal year ended June 30, 2010, were \$39,762 made by the School District and \$28,401 made by plan members.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

9. DEFINED BENEFIT PENSION PLANS (Continued)

B. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer public employee retirement 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 stand-alone financial report that may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 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 School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 was \$368,094, \$261,175, and \$274,660 respectively; 45 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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 State Teachers Retirement System/School Employees Retirement System. As of June 30, 2010, two of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

10. POSTEMPLOYMENT BENEFITS

A. State Teachers Retirement System

Plan Description - The School District contributes to a cost-sharing multiple-employer defined benefit Health Care 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 STRS Ohio's financial report which may be obtained by calling (888) 227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Health Care 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 Health Care Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contribution for health care for the fiscal years ended June 30, 2010, 2009, and 2008 was \$99,806, \$117,768, and \$111,563 respectively; 79 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

10. POSTEMPLOYMENT BENEFITS (Continued)

B. School Employees Retirement System

Plan Description - The School District contributes to two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for classified 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 SERS 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 the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each fiscal 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 fiscal year 2010, .46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2010, the surcharge amount was \$44,777.

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

The School District's contribution for health care for the fiscal years ended June 30, 2010, 2009, and 2008 was \$13,249, \$119,525, and \$125,336 respectively; 45 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For fiscal year 2010, this actuarially required allocation was .76 percent of covered payroll. The School District's contribution for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 was \$21,890, \$21,549, and \$19,790 respectively; 45 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

11. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. The superintendent earns twenty days of vacation per year and the treasurer earns twenty-five days of vacation per year. Accumulated unused vacation time is paid to classified employees, the superintendent, and the treasurer upon termination of employment. Teachers do not earn vacation time.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

11. OTHER EMPLOYEE BENEFITS (Continued)

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred fifty days for certified employees and up to a maximum of two hundred thirty days for classified employees. Upon retirement, for certified employees, payment is made for 22 percent of accrued but unused sick leave, and for classified employees, payment is made for 25 percent of their accrued but unused sick leave, up to a maximum of fifty-seven and one-half days.

B. Employee Insurance Benefits

The School District offers health and dental insurance to most employees through Anthem Blue Cross/Blue Shield. Life insurance is offered through Anthem Life Insurance. Vision insurance is offered through Vision Service Plan. The employees share the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

C. Separation Benefits

The School District provides a separation benefit to eligible employees. In order to be eligible, the employee: 1) must have ten or more years of service with the School District as a member of the bargaining unit, five of which must be consecutive and in paid status immediately prior to retirement; and 2) must give written notice to the Superintendent by no later than March 1 of the year he/she first becomes eligible for full retirement. Employees meeting the requirements and with thirty years of service shall receive an amount equal to one and one-third days severance pay for each year of service to the School District, not to exceed forty days. Employees meeting the requirements and with twenty-five years of service shall receive an amount equal to one day severance pay for each year of service to the School District, not to exceed twenty-five days. The School District will pay the incentive to qualifying bargaining unit members in one lump sum payment. Such payment shall be made no later than twelve months following the effective date of separation.

12. NOTES PAYABLE

On May 27, 2009, the School District issued \$2,000,000 in bond anticipation notes for the construction of two new elementary schools and a new middle school, and renovation of the high school. The notes had an interest rate of 1.85 percent and matured on May 25, 2010. The notes were paid from the Bond Retirement debt service fund.

On May 11, 2010, the School District issued \$1,625,000 in bond anticipation notes to partially retire notes previously issued for the construction of two new elementary schools and a new middle school, and renovation of the high school. The notes have an interest rate of 2 percent and will mature on May 10, 2011. The notes will be paid from the Bond Retirement debt service fund.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

13. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2010 were as follows:

	<u>Interest Rate</u>	<u>Balance at 6/30/09</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance At 6/30/10</u>	<u>Due Within One Year</u>
General Long-Term Obligations:						
OSFC General Obligation Bonds						
Serial Bonds	3 - 5%	\$12,555,000		\$215,000	\$12,340,000	\$235,000
Term Bonds	4.35 - 4.75 21.475 -	11,800,000			11,800,000	
Capital Appreciation Bonds	22.04	245,000			245,000	
Total General Long-Term Obligations		<u>\$24,600,000</u>	<u>\$0</u>	<u>\$215,000</u>	<u>\$24,385,000</u>	<u>\$235,000</u>

OSFC General Obligation Bonds - On April 3, 2008, the School District issued \$24,750,000 in voted general obligation bonds for construction of two new elementary schools, an addition to the middle school, and renovation of the high school. The bonds include serial, term, and capital appreciation bonds, in the original amount of \$12,705,000, \$11,800,000, and \$245,000, respectively. The bonds were issued for a twenty-eight period, with final maturity on December 1, 2035. The bonds are being retired from the Bond Retirement debt service fund.

The serial bonds maturing after December 1, 2018, are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any interest payment date on or after December 1, 2018, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2020, in the amount of \$880,000, (with the balance of \$920,000 to be paid at stated maturity on December 1, 2021), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2035, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1 in each of the years 2030 through 2034 (with the balance of \$1,865,000 to be paid at stated maturity on December 1, 2035), at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, according to the following schedule:

<u>Year</u>	<u>Amount</u>
2030	\$1,465,000
2031	1,555,000
2032	1,625,000
2033	1,705,000
2034	1,785,000

The capital appreciation bonds will mature in fiscal years 2018 and 2019. The maturity amount for the bonds is \$1,840,000.

The School District's overall debt margin was \$3,011,949 with an un-voted debt margin of \$319,873 at June 30, 2010.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

13. LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2010, were as follows:

Fiscal Year Ending	General Obligation Bonds			
	Serial		Term	
	Principal	Interest	Principal	Interest
2011	\$ 235,000	\$ 553,131		\$ 553,300
2012	250,000	545,856		553,300
2013	310,000	537,456		553,300
2014	335,000	527,363		553,300
2015	365,000	515,988		553,300
2016-2020	435,000	2,481,768	\$ 880,000	2,747,360
2021-2025	4,095,000	2,117,066	920,000	2,395,010
2026-2030	6,315,000	795,182		2,375,000
2031-2035			8,135,000	1,446,493
2036			1,865,000	44,294
Totals	\$12,340,000	\$8,073,810	\$11,800,000	\$11,774,657

Fiscal Year Ending	General Obligation Bonds Capital Appreciation	
	Principal	Interest
	2017	\$ 80,000
2018	65,000	425,000
2019	100,000	780,000
Totals	\$245,000	\$1,595,000

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

14. SET ASIDE REQUIREMENTS

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

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements during fiscal year 2010.

	Textbooks	Capital Improvements
Balance June 30, 2009	(\$4,684,297)	
Current Year Set Aside Requirement	489,027	\$489,027
Qualifying Expenditures	(608,239)	
Current Year Offsets		(489,027)
Amount Carried Forward to Fiscal Year 2010	(\$4,803,509)	\$ 0

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

14. SET ASIDE REQUIREMENTS (Continued)

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years.

15. INTERFUND TRANSFERS

During fiscal year 2010, the Permanent Improvement capital projects fund made transfers to other governmental funds, in the amount of \$158,424, to fund OSFC maintenance requirements.

16. JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties, and the Cities of St. Marys and Wapakoneta. 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 educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. During fiscal year 2010 the School District paid \$42,034 to NOACSC for various services. Financial information can be obtained from the Northwest Ohio Area Computer Services Cooperative, 645 South Main Street, Lima, Ohio 45804.

B. Apollo Joint Vocational School

The Apollo Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Apollo Joint Vocational School, 3325 Shawnee Road, Lima, Ohio 45806.

C. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS (Continued)

D. Southwestern Ohio Educational Purchasing Cooperative

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.

17. INSURANCE POOLS

A. Ohio School Plan

The School District participates in the Ohio School Plan (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-Shuett 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-Shuett 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-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

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

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool established under Section 4123.29 of the Ohio Revised Code. The Plan was established through the Ohio School Boards Association (OSBA).

The Plan'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 Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

18. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

19. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of cash, the budgetary basis as provided by law is based upon accounting for certain transactions of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance-Budget (Non-GAAP Basis) and Actual, for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The adjustments necessary to reconcile cash and budget basis statements for the General Fund are as follows:

Change in Fund Balance	
Cash Basis	\$5,061,224
Increase (Decrease) Due to:	
Non budgeted cash activity	(408,679)
Encumbrances	(27,802)
Budget Basis	<u>\$4,624,743</u>

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
(Passed through Ohio Department of Education)			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
School Breakfast Program	10.553	\$31,197	\$31,197
National School Lunch Program	10.555	176,785	176,785
Total Non-Cash Assistance		<u>207,982</u>	<u>207,982</u>
Cash Assistance:			
School Breakfast Program	10.553	54,442	54,442
National School Lunch Program	10.555	408,268	408,268
Summer Food Service Program	10.559	4,678	4,678
Total Cash Assistance		<u>467,388</u>	<u>467,388</u>
Total Child Nutrition Cluster		<u>675,370</u>	<u>675,370</u>
Total U.S. Department of Agriculture		675,370	675,370
U.S. DEPARTMENT OF EDUCATION			
(Passed through Ohio Department of Education)			
Title I, Grants to Local Educational Agencies	84.010	361,819	361,819
ARRA Title I, Grants to Local Educational Agencies - Recovery Act	84.389	200,913	201,286
Total		<u>562,732</u>	<u>563,105</u>
Special Education Grants to States	84.027	600,472	600,472
ARRA Special Education Grants to States - Recovery Act	84.391	426,050	429,406
Total		<u>1,026,522</u>	<u>1,029,878</u>
Safe and Drug-Free Schools and Communities State Grants	84.186	8,041	8,041
Education Technology State Grants	84.318	3,240	3,240
Improving Teacher Quality State Grants	84.367	129,205	129,205
ARRA State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	850,440	850,440
Total U.S. Department of Education		<u>2,580,180</u>	<u>2,583,909</u>
Total Federal Assistance		<u><u>\$3,255,550</u></u>	<u><u>\$3,259,279</u></u>

See accompanying notes to the schedule of federal awards receipts and expenditures.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



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*

Wapakoneta City School District
Auglaize County
1102 Gardenia Drive
Wapakoneta, Ohio 45895

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 Wapakoneta City School District, Auglaize County (the School District), as of and for the fiscal year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 22, 2010, wherein we noted the School District used a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-001.

We also noted a certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated December 22, 2010.

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

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



Mary Taylor, CPA
Auditor of State

December 22, 2010



Mary Taylor, CPA

Auditor of State

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

Wapakoneta City School District
Auglaize County
1102 Gardenia Drive
Wapakoneta, Ohio 45895

To the Board of Education:

Compliance

We have audited the compliance of Wapakoneta City School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

As described in finding 2010-002 in the accompanying schedule of findings, the School District did not comply with requirements regarding Reporting applicable to its Nutrition Cluster major federal program. Compliance with this requirement is necessary, in our opinion, for the School District to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2010.

Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2010-002 to be a material weakness.

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

We also noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated December 22, 2010.

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



Mary Taylor, CPA
Auditor of State

December 22, 2010

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Special Education Grants to States – CFDA #84.027 Special Education Grants to States – ARRA – CFDA #84.391 Title I – CFDA#84.010 Title I – ARRA –CFDA #84.389 Nutrition Cluster CFDA #10.553, 10.555; State Fiscal Stabilization Fund - (SFSF) - Education State Grants – ARRA – CFDA # 84.394
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2010-001

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 School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the School District prepared its financial statements in accordance with standards established by the Auditor of State for governmental entities not required to prepare annual reports in accordance with generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The School District should prepare their financial statements according to generally accepted accounting principles to include all assets, liabilities and disclosures to provide a complete presentation of its financial status.

OFFICIALS' RESPONSE:

Wapakoneta City Schools has discontinued converting the cash basis financial statements to GAAP for the following reasons:

1. **Lack of Adequate Funding/Financing:** Board Resolution number 118-03, September 2003, gave the fiscal officer permission to stop converting the cash basis financial statements to GAAP until adequate funding is available to Wapakoneta City Schools. The Board of Education determined it could not justify the added expense of converting to GAAP reporting and the additional audit costs. The board of education chooses to direct those funds toward individual student achievements.
2. **Individual Student Achievement is Wapakoneta City Schools' Priority:** The Board of Education authorized the Superintendent to enter into an agreement with Auglaize County Educational Service Center to add two and one half kindergarten aides with the funds that the Board saved from discontinuing GAAP reporting. Wapakoneta City Schools is continuing to have part time aides in the kindergarten classrooms to support individual student achievement.
3. **Five Year Forecast/Management Analysis Tools:** Wapakoneta City Schools has been preparing a five year forecast since 1993. The Administrative Team had an architectural study prepared in 1993 to determine student capacities, structural soundness, and operational efficiencies of each building owned by Wapakoneta City Schools. Also, the fiscal officer prepares and utilizes the expenditure flow model analysis for the purpose of long range planning by the board, finance, and facilities committees. The GAAP report has not been utilized in any capacity as a tool for management.
4. **Complete reappraisal of all property:** Every five years the Board authorizes a complete reappraisal and tagging of all board owned property by an outside professional appraisal firm as further documentation of assets.

**FINDING NUMBER 2010-001
(Continued)**

5. **OCBOA:** Wapakoneta City Schools prepares an Other Comprehensive Basis of Accounting report which incorporates GASB 34. An OCBOA report is accepted by the American Institute of Certified Public Accountants.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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Noncompliance Citation/Material Weakness

OMB Circular A-133, Subpart C, Section 300(d), states that the School District shall prepare appropriate financial statements, including the schedule of federal awards receipts and expenditures for the period covered by the School District's financial statements. The federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of federal agency, and name of pass-through agency. The School District prepared a schedule of federal awards receipts and expenditures (the Schedule), but did not present the grant receipts and expenditures for the Child Nutrition Cluster including donated foods. As a result, total receipts and expenditures were understated by \$675,370 on the School District's Schedule. The accompanying Schedule of Federal Receipts and Expenditures has been adjusted to include the Child Nutrition Cluster.

The failure to include all grant activity on the Schedule not can result in the material misstatement of the Schedule but may also result in follow-up action being taken by the grantor agency.

Procedures should be implemented to help assure that the Schedule includes the activity of all federal grants that benefited the School District.

OFFICIALS' RESPONSE:

Wapakoneta City Schools has not listed the pass through reimbursements from ODE on the 4502 federal schedule for the lunch program, as this data would be available from ODE. This data will be added beginning in 2011.

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Rev. Code Section 117.38 and Ohio Admin. Code Section 117-2-03 (B) – Failure to prepare and file GAAP basis annual financial statements..	No	Repeated as finding 2010-001

**WAPAKONETA CITY SCHOOL DISTRICT
AUGLAIZE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2010**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2010-002	OMB Circular A-133, Subpart C, Section 300(d) This data will be added beginning in 2011.	Beginning June 2011	Susan Rinehart, Treasurer

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Mary Taylor, CPA
Auditor of State

WAPAKONETA CITY 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 1, 2011**