



Dave Yost • Auditor of State



**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Wayne Trace Local School District  
Paulding County  
4915 US Highway 127  
Haviland, Ohio 45851-9738

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 Wayne Trace Local School District, Paulding County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne Trace Local School District, Paulding County, Ohio, as of June 30, 2011, and the respective changes in cash financial position, thereof and the budgetary comparison for the General fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

As described in Note 3 to the financial statements, for the year ended June 30, 2011, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2011, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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 District's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The federal awards receipts and expenditures schedule 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.



**Dave Yost**  
Auditor of State

November 10, 2011

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

The management's discussion and analysis of the Wayne Trace Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2011, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2011 are as follows:

- The total net assets of the District increased \$1,086,374 or 15.18% from fiscal year 2010.
- General cash receipts accounted for \$11,875,660 or 81.09% of total governmental activities cash receipts. Program specific cash receipts accounted for \$2,769,643 or 18.91% of total governmental activities cash receipts.
- The District had \$13,558,929 in cash disbursements related to governmental activities; \$2,769,643 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$11,875,660 were adequate to provide for these programs.
- The District's major funds are the general fund and permanent improvement fund. The general fund, the District's largest major fund, had cash receipts and other financing sources of \$8,650,975 in 2011. The cash disbursements and other financing uses of the general fund, totaled \$7,975,992 in 2011. The general fund's cash balance increased \$674,983 from 2010 to 2011.
- The permanent improvement fund, a District major fund, had cash receipts and other financing sources of \$352,899 in 2011. The permanent improvement fund had cash disbursements of \$216,881 in 2010. The permanent fund's balance increased \$136,018 from 2010 to 2011.

**Using this Cash Basis Basic Financial Statements (BFS)**

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

The statement of net assets - cash basis and statement of activities - cash basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, there are two major governmental funds. The general fund is the largest major fund.

**Reporting the District as a Whole**

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

The statement of net assets - cash basis and the statement of activities - cash basis answer the question, "How did we do financially during 2011?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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

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 collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net assets - cash basis and the statement of activities - cash basis, the governmental activities include District's programs and services including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the permanent improvement fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the District's compliance with annually adopted budgets.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary funds are a private-purpose trust fund and an agency fund.



**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

**Government-Wide Financial Analysis**

Recall that the statement of net assets - cash basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets at June 30, 2011 and June 30, 2010.

	<b>Change in Net Assets</b>	
	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
<u>Assets</u>		
Equity in pooled cash and investments	\$ 8,226,209	\$ 7,154,703
Cash and cash equivalents with fiscal agent	<u>17,772</u>	<u>2,904</u>
Total assets	<u>8,243,981</u>	<u>7,157,607</u>
<u>Net Assets</u>		
Restricted	2,907,232	2,545,668
Unrestricted	<u>5,336,749</u>	<u>4,611,939</u>
Total net assets	<u>\$ 8,243,981</u>	<u>\$ 7,157,607</u>

The total net assets of the District increased \$1,086,374, which represents a 15.18% increase over fiscal year 2010. This increase is the result of an overall increase in property tax receipts as well as additional grant money received relating to the Race to the Top and Educational Jobs grants. These cash receipts were adequate to cover cash disbursements which decrease slightly, excluding items related to the District refunding debt.

The balance of government-wide unrestricted net assets of \$5,336,749 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the changes in net assets for fiscal year 2011 and 2010.

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Change in Net Assets</b>	
	Governmental Activities 2011	Governmental Activities 2010
	<u>2011</u>	<u>2010</u>
<b>Cash Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 1,008,162	\$ 1,035,968
Operating grants and contributions	1,733,350	1,306,554
Capital grants and contributions	<u>28,131</u>	<u>28,106</u>
 Total program cash receipts	 <u>2,769,643</u>	 <u>2,370,628</u>
General cash receipts:		
Property taxes	2,522,259	2,322,806
Income taxes	1,236,839	1,344,169
Unrestricted grants	4,356,337	4,724,503
Investment earnings	79,640	85,505
Miscellaneous	35,232	32,974
Sale of refunding bonds	3,249,993	
Premium on refunding bonds	356,241	
Sale of capital assets	<u>39,119</u>	<u>500</u>
 Total general cash receipts	 <u>11,875,660</u>	 <u>8,510,457</u>
 Total cash receipts	 <u>\$ 14,645,303</u>	 <u>\$ 10,881,085</u>
<b>Cash Disbursements:</b>		
Instruction:		
Regular	\$ 3,969,290	\$ 3,898,755
Special	830,272	811,385
Student intervention services	-	722
Vocational	152,497	145,571
Other	10,117	2,585
Support services:		
Pupil	387,576	475,542
Instructional staff	426,487	291,009
Board of education	22,009	29,515
Administration	740,200	740,657
Fiscal	272,530	249,159
Operations and maintenance	818,359	772,173
Pupil transportation	540,533	632,992
Central	7,190	8,120

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>Change in Net Assets (Continued)</b>		
	<b>Governmental Activities <u>2011</u></b>	<b>Governmental Activities <u>2010</u></b>
Operation of non-instruction services:		
Other non-instructional services	\$ 50	\$ 20,642
Food service	463,995	455,701
Extracurricular	512,708	501,355
Facilities acquisition and construction	18,440	
Capital outlay		3,660
Debt service:		
Principal retirement	466,966	529,898
Interest and fiscal charges	78,638	188,044
Bond issuance costs	84,367	
Payment to refunded bond escrow age	3,518,038	
Intergovernmental	<u>238,667</u>	<u>243,097</u>
Total cash disbursements	<u>13,558,929</u>	<u>10,000,582</u>
Change in net assets	1,086,374	880,503
Net assets at beginning of year	<u>7,157,607</u>	<u>6,277,104</u>
Net assets at end of year	\$ 8,243,981	\$ 7,157,607

**Governmental Activities**

Governmental assets increased by \$1,086,374 in 2011 from 2010. Total governmental disbursements of \$13,558,929 were offset by program receipts of \$2,769,643 and general receipts of \$11,875,660. Program revenues supported 20.43% of the total governmental expenses.

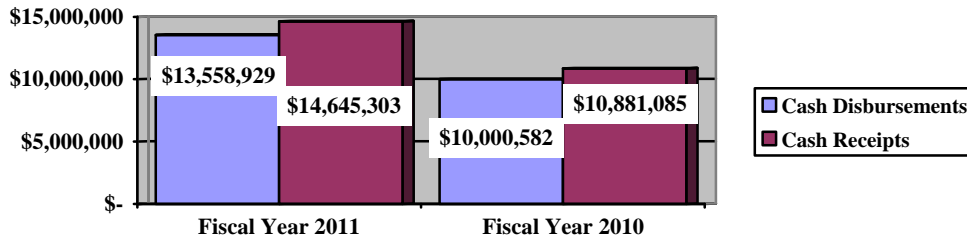
The primary sources of receipts for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 55.41% of total governmental receipts. Real estate property is reappraised every six years.

Program receipts of the District increased \$399,015 or 16.83%. The primary reason for this increase is due to the District receiving additional money for Race to the Top and Educational Jobs grants. General receipts increased \$3,365,203 or 39.54%. This increase is due to proceeds and premiums received on refunding bonds that we issued by the District during fiscal year 2011. See Note 7 to the financial statements for additional details on this refunding. Disbursements of the District increased \$3,558,347 or 35.58%. While the District showed increases related to increased wage costs, the primary reason for this increase were disbursements related to the refunding bonds.

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Governmental Activities - Total Cash Receipts vs. Total Cash  
Disbursements**



**Governmental Activities**

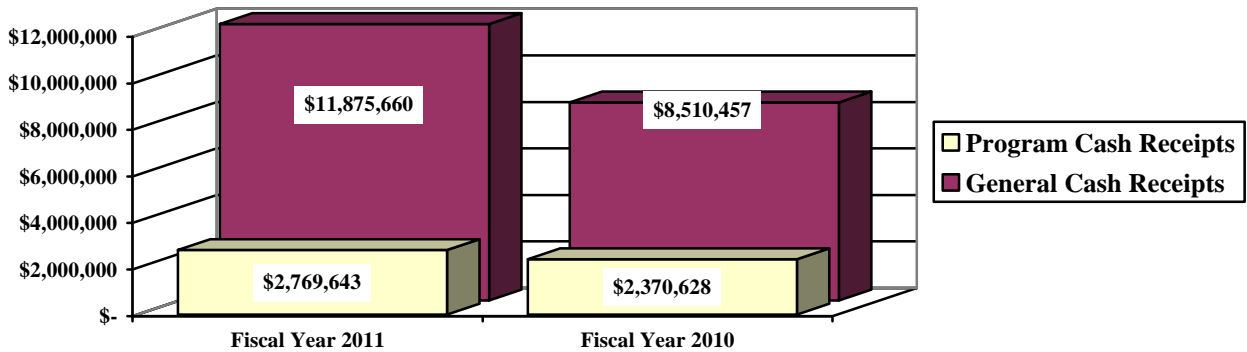
	Total Cost of Services 2011	Net Cost of Services 2011	Total Cost of Services 2010	Net Cost of Services 2010
Cash disbursements:				
Instruction:				
Regular	\$ 3,969,290	\$ 3,160,472	\$ 3,898,755	\$ 3,246,987
Special	830,272	187,972	811,385	317,616
Vocational	152,497	119,663	145,571	114,431
Student intervention services	-	-	722	722
Other	10,117	9,484	2,585	2,585
Support services:				
Pupil	387,576	373,142	475,542	425,091
Instructional staff	426,487	403,081	291,009	271,108
Board of education	22,009	22,009	29,515	29,515
Administration	740,200	739,246	740,657	658,901
Fiscal	272,530	267,923	249,159	247,475
Operations and maintenance	818,359	588,657	772,173	569,084
Pupil transportation	540,533	450,197	632,992	458,668
Central	7,190	7,190	8,120	8,120
Operation of non-instruction services:				
Other non-instructional services:	50	(1,988)	20,642	(1,094)
Food service operations	463,995	10,416	455,701	18,873
Extracurricular	512,708	298,463	501,355	318,801
Facilities acquisition and construction	18,440	18,440		
Capital outlay			3,660	(6,968)
Debt service:				
Principal retirement	466,966	466,966	529,898	518,898
Interest and fiscal charges	78,638	78,638	188,044	188,044
Bond issuance costs	84,367	84,367		
Payment to refunded bond escrow agent	3,518,038	3,518,038		
Intergovernmental	238,667	(13,090)	243,097	243,097
<b>Total</b>	<b>\$ 13,558,929</b>	<b>\$ 10,789,286</b>	<b>\$ 10,000,582</b>	<b>\$ 7,629,954</b>

The dependence upon general cash receipts for governmental activities is apparent; with 79.57% of cash disbursements supported through taxes and other general cash receipts during 2011.

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Governmental Activities - General and Program Cash Receipts**



**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund balance of \$8,243,981, which is \$1,086,374 above last year's total of \$7,157,607. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and June 30, 2010, for all major and nonmajor governmental funds.

	Fund Balance June 30, 2011	Restated Fund Balance June 30, 2010	Increase
Major funds:			
General	\$ 5,336,749	\$ 4,661,766	\$ 674,983
Permanent Improvement	1,069,737	933,719	136,018
Other nonmajor governmental funds	1,837,495	1,562,122	275,373
<b>Total</b>	<b>\$ 8,243,981</b>	<b>\$ 7,157,607</b>	<b>\$ 1,086,374</b>

**General Fund**

The general fund, the District's largest major fund, had cash receipts and other financing sources of \$8,650,975 in 2011. The cash disbursements and other financing uses of the general fund, totaled \$7,975,992 in 2011. The general fund's fund balance increased \$674,983 from 2010 to 2011. The District primary sources of cash receipts, property taxes and intergovernmental-state receipts, increased slightly which were sufficient to cover slightly increased cash disbursements.

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

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>2011 Amount</u>	<u>Restated 2010 Amount</u>	<u>Percentage Change</u>
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 3,226,390	\$ 3,189,279	1.16 %
Tuition	524,444	610,855	(14.15) %
Earnings on investments	71,392	85,505	(16.51) %
Other local revenues	125,219	59,153	111.69 %
Intergovernmental - State	<u>4,698,714</u>	<u>4,686,015</u>	0.27 %
Total	<u>\$ 8,646,159</u>	<u>\$ 8,630,807</u>	0.18 %

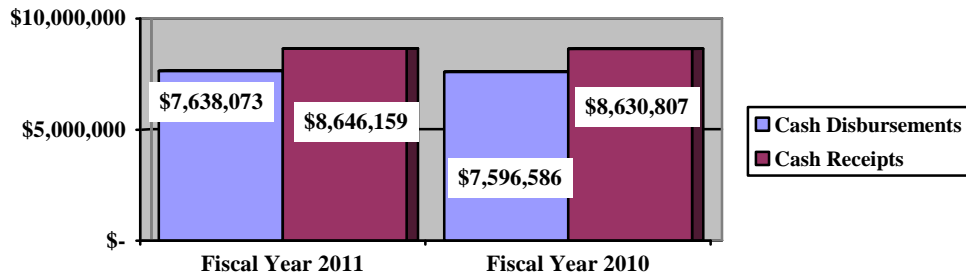
Receipts of the general fund increased \$15,352 or 0.18%. Property and income taxes increased \$37,111 or 1.16%. While income taxes decreased due to the poor economy, property taxes increased due to a reappraisal of property values that took effect at the beginning of calendar year 2011. Tuition decreased \$86,411 due to a decrease in open enrollment students during fiscal year 2011. Earning on investments decreased \$14,113 due to a decrease in interest rates earned on investments.

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

	<u>2011 Amount</u>	<u>Restated 2010 Amount</u>	<u>Percentage Change</u>
<b><u>Cash Disbursements</u></b>			
Instruction	\$ 4,445,779	\$ 4,324,734	2.80 %
Support services	2,725,066	2,790,314	(2.34) %
Extracurricular	270,262	286,640	(5.71) %
Debt service	<u>196,966</u>	<u>194,898</u>	1.06 %
Total	<u>\$ 7,638,073</u>	<u>\$ 7,596,586</u>	0.55 %

Disbursements of the general fund increased \$41,487 or 0.55%. This increase is primarily due to an increase in instructional disbursements. Instructional disbursements increased \$121,045 or 2.80% due primarily to contractual wage increases for teaching personnel.

**General Fund - Total Cash Receipts vs. Total Cash Disbursements**



**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

***Permanent Improvement Fund***

The permanent improvement fund, a District major fund, had cash receipts and other financing sources of \$352,899 in 2011. The permanent improvement fund had cash disbursements of \$216,881 in 2011. The permanent improvement fund's cash balance increased \$136,018 from 2010 to 2011. This increase can be attributed mainly to a \$292,810 transfer in from the general fund which exceeded cash disbursements during the fiscal year.

***Budgeting Highlights - General Fund***

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

For the general fund, final budget basis receipts and other financing sources of \$8,781,275 were increased from the original budget estimates of \$8,428,487. The most significant increase was in area of property tax receipts which were increased \$234,255 from the original budget due to better than expected collections. Actual cash receipts and other financing sources of \$8,674,111 were less than final budget estimates by \$107,164. The final budget basis disbursements and other financing uses of \$8,187,498 were decreased from the original budget estimates of \$9,090,648. The most significant decrease was in the area of regular instruction which decreased \$990,569. The actual budgetary basis disbursements and other financing uses of \$8,080,531 were \$106,967 less than the final budget estimates.

**Capital Assets and Debt Administration**

***Capital Assets***

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had facilities acquisition and construction disbursements of \$18,440 during fiscal year 2011.

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

***Debt Administration***

The District had the following long-term obligations outstanding at June 30, 2011 and 2010:

	Governmental Activities <u>2011</u>	Governmental Activities <u>2010</u>
2001 school improvement bonds		
Current interest serial bonds	\$ 230,000	\$ 450,000
Current interest term bonds	-	3,250,000
Capital appreciation bonds	216,625	216,625
Accreted interest	365,811	313,453
2010 refunding bonds		
Current interest serial bonds	3,060,000	-
Capital appreciation bonds	139,993	-
Accreted interest	26,339	-
Judgment loan payable	<u>3,360,149</u>	<u>3,557,115</u>
Total	<u>\$ 7,398,917</u>	<u>\$ 7,787,193</u>

***Economic Factors***

The District, like all other taxing entities in the State of Ohio, faces the uncertainty of the economy. The District's operating receipts are composed primarily of property taxes and a local income tax. With a weak economy, these receipts can fluctuate in great amounts from year to year.

As for disbursements, the District faces continued significant increases in the cost of health care for its employees. The District also faces an increasing number of children requiring special education and services. Charges to provide these services increase every year. The District has faced these challenges the last few years by making cuts to its budget and services offered.

***Current Issues***

As the preceding information shows, the District relies heavily on its local taxpayers. Wayne Trace has been blessed with strong voter support as seen with the passage of a .75% income tax renewal in 2010 and a .50% continuing income tax passed in 2004.

During calendar year 2010 Paulding County experienced a full revaluation of all real property. Increases in CAUV values of farm land caused calendar year 2011 collections to increase dramatically as farm ground values rose to 150% of prior value. This unique and one time event will be overshadowed by the reduction in State funding as our charge off is increased by a like amount. In reality the charge off will increase by more than we receive as State charge off rate is higher than our collection rate. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. Thus, District's dependent upon property taxes are hampered by a lack of receipt growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up



**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

23%, 21%, 22% and 21% of receipts for governmental activities for the Wayne Trace Local District in fiscal years 2011, 2010, 2009 and 2008, respectively, exclusive of bonds issued.

The District has also been affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned disbursements so that the last levy has stretched for longer than it was planned. This has been made increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for students, and increased health insurance and property/liability/fleet insurance.

Another District concern is the uncertainty brought about by the State Legislative approval of the biennial budget and sources of funding for the next two years. With no new revenue streams to support state funding and with a continued weak economy the ability of the State to meet the planned obligation over the biennium is suspect.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer's office at the Wayne Trace Local School District, 4915 U.S. 127, Haviland, Ohio 45851.

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**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2011

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 8,226,209
Cash and cash equivalents with fiscal agent. . . . .	<u>17,772</u>
 Total assets. . . . .	 <u><u>\$ 8,243,981</u></u>
 <b>Net Assets:</b>	
Restricted for:	
Capital projects . . . . .	\$ 1,628,938
Classroom facilities maintenance . . . . .	406,935
Debt service. . . . .	751,171
Locally funded programs . . . . .	10,947
State funded programs. . . . .	6,825
Federally funded programs . . . . .	18,235
Student activities . . . . .	63,416
Other purposes . . . . .	20,765
Unrestricted . . . . .	<u>5,336,749</u>
 Total net assets . . . . .	 <u><u>\$ 8,243,981</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 3,969,290	\$ 546,802	\$ 249,785	\$ 12,231	\$ (3,160,472)
Special . . . . .	830,272	24,501	617,799		(187,972)
Vocational . . . . .	152,497	1,460	31,374		(119,663)
Other . . . . .	10,117		633		(9,484)
Support services:					
Pupil. . . . .	387,576		14,434		(373,142)
Instructional staff . . . . .	426,487		23,406		(403,081)
Board of education . . . . .	22,009				(22,009)
Administration. . . . .	740,200		954		(739,246)
Fiscal. . . . .	272,530	951	3,656		(267,923)
Operations and maintenance . . . . .	818,359	4,400	219,125	6,177	(588,657)
Pupil transportation. . . . .	540,533		90,336		(450,197)
Central . . . . .	7,190				(7,190)
Operation of non-instructional services:					
Other non-instructional services . . . . .	50		2,038		1,988
Food service operations . . . . .	463,995	225,526	228,053		(10,416)
Extracurricular activities. . . . .	512,708	204,522		9,723	(298,463)
Facilities acquisition and construction . . . . .	18,440				(18,440)
Debt service:					
Principal retirement . . . . .	466,966				(466,966)
Interest and fiscal charges . . . . .	78,638				(78,638)
Bond issuance costs . . . . .	84,367				(84,367)
Payment to refunded bond escrow agent . . . . .	3,518,038				(3,518,038)
Intergovernmental . . . . .	238,667		251,757		13,090
<b>Totals . . . . .</b>	<b>\$ 13,558,929</b>	<b>\$ 1,008,162</b>	<b>\$ 1,733,350</b>	<b>\$ 28,131</b>	<b>(10,789,286)</b>

**General Receipts:**

Property taxes levied for:	
General purposes . . . . .	1,989,551
Debt service. . . . .	492,415
Classroom facilities maintenance . . . . .	40,293
Income taxes levied for:	
General purposes . . . . .	1,236,839
Grants and entitlements not restricted	
to specific programs . . . . .	4,356,337
Investment earnings . . . . .	79,640
Miscellaneous . . . . .	35,232
Sale of refunding bonds . . . . .	3,249,993
Premium on refunding bonds . . . . .	356,241
Sale of capital assets . . . . .	39,119
<b>Total general receipts . . . . .</b>	<b>11,875,660</b>
Change in net assets . . . . .	1,086,374
<b>Net assets at beginning of year. . . . .</b>	<b>7,157,607</b>
<b>Net assets at end of year . . . . .</b>	<b>\$ 8,243,981</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<b>General</b>	<b>Permanent Improvement</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and investments. . . . .	\$ 5,336,749	\$ 1,069,737	\$ 1,819,723	\$ 8,226,209
Cash and cash equivalents with fiscal agent. . . . .			17,772	17,772
Total assets . . . . .	\$ 5,336,749	\$ 1,069,737	\$ 1,837,495	\$ 8,243,981
<b>Fund Balances:</b>				
Restricted:				
Debt service . . . . .			\$ 751,171	\$ 751,171
Capital improvements . . . . .		\$ 1,069,737	559,201	1,628,938
Classroom facilities maintenance . . . . .			406,935	406,935
Food service operations . . . . .			20,765	20,765
Special education . . . . .			17,772	17,772
Other purposes. . . . .			18,235	18,235
Committed:				
Extracurricular. . . . .			63,416	63,416
Termination benefits. . . . .	\$ 73,016			73,016
Assigned:				
Student instruction . . . . .	27,026			27,026
Student and staff support. . . . .	57,506			57,506
Extracurricular activities . . . . .	500			500
Uniform school supplies . . . . .	32,143			32,143
Other purposes. . . . .	136			136
Unassigned . . . . .	5,146,422			5,146,422
Total fund balances . . . . .	\$ 5,336,749	\$ 1,069,737	\$ 1,837,495	\$ 8,243,981

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 1,989,551		\$ 532,708	\$ 2,522,259
Income taxes . . . . .	1,236,839			1,236,839
Tuition . . . . .	524,444			524,444
Earnings on investments . . . . .	71,392	\$ 12,970	20,616	104,978
Charges for services . . . . .			226,477	226,477
Extracurricular . . . . .	29,606		174,916	204,522
Classroom materials and fees . . . . .	48,319			48,319
Rental income . . . . .	4,400			4,400
Contributions and donations . . . . .	7,662	8,000	920	16,582
Other local revenues . . . . .	35,232			35,232
Intergovernmental - intermediate . . . . .			6,700	6,700
Intergovernmental - state . . . . .	4,698,714		163,117	4,861,831
Intergovernmental - federal . . . . .			1,207,367	1,207,367
Total receipts . . . . .	<u>8,646,159</u>	<u>20,970</u>	<u>2,332,821</u>	<u>10,999,950</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular . . . . .	3,650,807	48,947	269,536	3,969,290
Special . . . . .	633,079		197,193	830,272
Vocational . . . . .	152,497			152,497
Other . . . . .	9,396		721	10,117
Support services:				
Pupil . . . . .	371,933		15,643	387,576
Instructional staff . . . . .	401,915		24,572	426,487
Board of education . . . . .	22,009			22,009
Administration . . . . .	739,302		898	740,200
Fiscal . . . . .	246,504		26,026	272,530
Operations and maintenance . . . . .	492,910	59,636	265,813	818,359
Pupil transportation . . . . .	443,303		97,230	540,533
Central . . . . .	7,190			7,190
Operation of non-instructional services:				
Operation of non-instructional . . . . .			50	50
Food service operations . . . . .			463,995	463,995
Extracurricular activities . . . . .	270,262	93,876	148,570	512,708
Facilities acquisition and construction . . . . .		14,422	4,018	18,440
Debt service:				
Principal retirement . . . . .	196,966		270,000	466,966
Interest and fiscal charges . . . . .			78,638	78,638
Bond issuance costs . . . . .			84,367	84,367
Intergovernmental . . . . .			238,667	238,667
Total disbursements . . . . .	<u>7,638,073</u>	<u>216,881</u>	<u>2,185,937</u>	<u>10,040,891</u>
Excess (deficiency) of receipts over (under) disbursements . . . . .	<u>1,008,086</u>	<u>(195,911)</u>	<u>146,884</u>	<u>959,059</u>
<b>Other financing sources (uses):</b>				
Premium on bonds and notes sold . . . . .			356,241	356,241
Sale of bonds . . . . .			3,249,993	3,249,993
Sale of capital assets . . . . .		39,119		39,119
Transfers in . . . . .		292,810	22,871	315,681
Transfers (out) . . . . .	(315,681)			(315,681)
Advances in . . . . .	4,816		22,238	27,054
Advances (out) . . . . .	(22,238)		(4,816)	(27,054)
Payment to refunded bond esrow agent . . . . .			(3,518,038)	(3,518,038)
Total other financing sources (uses) . . . . .	<u>(333,103)</u>	<u>331,929</u>	<u>128,489</u>	<u>127,315</u>
Net change in fund balances . . . . .	674,983	136,018	275,373	1,086,374
<b>Fund balances at beginning of year (restated).</b>	<u>4,661,766</u>	<u>933,719</u>	<u>1,562,122</u>	<u>7,157,607</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 5,336,749</u>	<u>\$ 1,069,737</u>	<u>\$ 1,837,495</u>	<u>\$ 8,243,981</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts:</b>				
From local sources:				
Property taxes . . . . .	\$ 1,833,272	\$ 2,067,527	\$ 2,067,527	
Income taxes . . . . .	1,330,328	1,236,839	1,236,839	
Tuition . . . . .	551,265	524,444	524,444	
Earnings on investments . . . . .	75,118	72,024	71,392	\$ (632)
Classroom materials and fees . . . . .	31,794	26,554	26,554	
Rental income . . . . .		4,400	4,400	
Contributions and donations . . . . .		3,485	3,485	
Other local revenues . . . . .	12,866	35,302	35,232	(70)
Intergovernmental - state . . . . .	4,568,844	4,698,714	4,698,714	
<b>Total receipts . . . . .</b>	<u>8,403,487</u>	<u>8,669,289</u>	<u>8,668,587</u>	<u>(702)</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular . . . . .	3,824,377	2,833,808	3,639,811	(806,003)
Special . . . . .	913,484	903,660	633,079	270,581
Vocational . . . . .	157,318	157,968	152,129	5,839
Other . . . . .	10,600	10,600	10,506	94
Support services:				
Pupil . . . . .	448,996	450,934	371,933	79,001
Instructional staff . . . . .	275,784	277,086	419,090	(142,004)
Board of education . . . . .	43,306	43,306	22,189	21,117
Administration . . . . .	830,128	836,392	719,956	116,436
Fiscal . . . . .	269,043	269,543	246,727	22,816
Operations and maintenance . . . . .	825,170	825,170	491,888	333,282
Pupil transportation . . . . .	583,807	583,807	444,785	139,022
Central . . . . .	8,549	8,549	7,190	1,359
Extracurricular activities . . . . .	261,912	261,922	258,387	3,535
Debt service:				
Principal . . . . .	212,806	196,966	196,966	
<b>Total disbursements . . . . .</b>	<u>8,665,280</u>	<u>7,659,711</u>	<u>7,614,636</u>	<u>45,075</u>
Excess (deficiency) of receipts over (under) disbursements . . . . .	<u>(261,793)</u>	<u>1,009,578</u>	<u>1,053,951</u>	<u>44,373</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .		708	708	
Refund of prior year's receipts . . . . .	(33,418)	(78,337)	(77,976)	361
Transfers in . . . . .		51,462		(51,462)
Transfers (out) . . . . .	(366,950)	(394,450)	(365,681)	28,769
Advances in . . . . .	25,000	59,816	4,816	(55,000)
Advances (out) . . . . .	(25,000)	(55,000)	(22,238)	32,762
<b>Total other financing sources (uses) . . . . .</b>	<u>(400,368)</u>	<u>(415,801)</u>	<u>(460,371)</u>	<u>(44,570)</u>
Net change in fund balance . . . . .	(662,161)	593,777	593,580	(197)
<b>Fund balance at beginning of year (restated) . . . . .</b>	4,475,165	4,475,165	4,475,165	
<b>Prior year encumbrances appropriated . . . . .</b>	76,158	76,158	76,158	
<b>Fund balance at end of year . . . . .</b>	<u>\$ 3,889,162</u>	<u>\$ 5,145,100</u>	<u>\$ 5,144,903</u>	<u>\$ (197)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2011

	<u>Private-Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and investments . . . . .	\$ 1,924	\$ 41,431
Total assets. . . . .	<u>\$ 1,924</u>	<u>\$ 41,431</u>
<b>Net assets:</b>		
Held in trust for:		
Scholarships . . . . .	\$ 1,924	
Employees . . . . .		\$ 1,712
Students . . . . .		39,719
Total net assets . . . . .	<u>\$ 1,924</u>	<u>\$ 41,431</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Deductions:</b>	
Scholarships awarded . . . . .	\$ 983
Change in net assets. . . . .	(983)
<b>Net assets at beginning of year . . . . .</b>	<b>2,907</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 1,924</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 - DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY**

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

The District was established in 1971. The District serves an area of approximately 178 square miles consisting of the Villages of Payne and Grover Hill, and portions of Benton, Harrison, Blue Creek, Paulding, Latty, and Washington Townships. It is staffed by 50 non-certificated employees and 62 certified full-time teaching personnel who provide services to 1,038 students and other community members.

The District's management believes these financial statements present all activities for which the District is financially accountable.

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". 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 District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Wayne Trace Local District, this includes general operations, food service, and student related activities of the District.

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

The District is associated with four jointly governed organizations and one group insurance pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, West Central Ohio Special Education Regional Resource Center, West Central Ohio Regional Professional Development Center, Vantage Vocational School, and Paulding County School Consortium's Employee Insurance Benefits Program. These organizations are presented in Notes 12 and 13 of the financial statements.

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

As discussed further in Note 2.A., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the fiduciary funds, 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 those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification. Following are the more significant of the District's accounting policies.

**A. Basis of Accounting**

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**B. Basis of Presentation**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The Statement of Net Assets and Statement of Activities display information about the District as a whole. The statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

The statement of net assets presents the financial condition of the governmental activities of the District at fiscal year-end. The Statement of Activities compares disbursements with program receipts for each program or function of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts, which are not classified as program receipts, are presented as general receipts of the District with certain limited exceptions. The comparison of disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the District.

**FUND FINANCIAL STATEMENTS**

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

**C. Fund Accounting**

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

A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets, receipts, or disbursements of that individual governmental or enterprise fund are at least 10% of the corresponding total for all funds of that category or type, and
- b. Total assets, receipts, or disbursements of the individual governmental fund or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds/Governmental Activities

Governmental funds are those through which most governmental functions of the District are financed. The following are the District's major governmental funds:

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement Fund - This fund is used to account for financial resources that are restricted, committed or assigned for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Other governmental funds of the District are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (b) financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District's fiduciary funds include private purpose trust and agency funds. The District's private purpose trust fund accounts for a program that provides for community service activities. Agency funds are custodial in nature (assets equal net assets) and do not involve measurement of results of operations. The District's agency funds include various student-managed activities.

**D. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object level within the General Fund, and at the function and object level within all other funds, are made by the Treasurer.

**Tax Budget**

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following fiscal year.

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

**Estimated Resources**

The County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about July 1 this certificate is amended to include any unencumbered balances from the preceding fiscal year. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 2010 unencumbered fund balances. However, those fund balances are available for appropriations.

**Appropriations**

Temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year.

**Encumbrances**

The District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. Expenditures plus encumbrances may not legally exceed appropriations. Encumbrances at year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

**Lapsing of Appropriations**

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

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

**E. Cash and Cash Equivalents**

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

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the 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.

During fiscal year 2011, the District invested in negotiable and nonnegotiable certificates of deposits, repurchase agreements, State Treasury Asset Reserve of Ohio (STAR Ohio), Federal Home Loan Bank, and Federal National Mortgage Association. With the exception of STAR Ohio, investments are reported at cost basis. Investments in STAR Ohio are valued at STAR Ohio's shares price, which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts for the General Fund during fiscal year 2011 were \$71,392, which includes approximately \$23,013 interest assigned from other District funds.

**F. Capital Assets**

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

**G. Accumulated Leave**

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 District.

**H. Long-Term Debt**

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as cash when received and payment of principal and interest are reported as disbursements when paid.



**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

**I. Intergovernmental Receipts**

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Intergovernmental receipts and disbursements made on-behalf-of the District by the Western Buckeye Educational Service Center are recorded during the year.

**J. Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**K. Interfund Receivables/Payables**

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**L. Interfund Transactions**

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as transfers.
2. Reimbursements from one fund to another are treated as expenditures/disbursements in the reimbursing fund and a reduction in expenditures/disbursement in the reimbursed fund.

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

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

**N. Equity Classifications**

**GOVERNMENT-WIDE STATEMENTS**

Equity is classified as net assets, and displayed in separate components:

- a. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "restricted."

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

Net assets restricted for other purposes include resources restricted for food service operations. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. There were no net assets restricted by enabling legislation as of June 30, 2011.

**O. Fund Cash Balance**

The District reports classifications of fund cash balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education.

Assigned - amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The District applies restricted resources first when a disbursement is incurred for purposes for which restricted and unrestricted fund cash balance is available. The District considers committed, assigned, and unassigned fund cash balances, respectively, to be spent when disbursements are incurred for purposes for which any of the unrestricted fund cash balance classifications could be used.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**B. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

	General	Permanent Improvement	Nonmajor Governmental	Total Governmental
Fund balance as previously reported	\$ 4,554,185	\$ 933,719	\$ 1,669,703	\$ 7,157,607
Fund reclassifications:				
Uniform school supplies fund	32,797		(32,797)	
Public school support fund	17,030		(17,030)	
Termination benefits fund	57,754		(57,754)	
Total fund reclassifications	107,581		(107,581)	
Restated fund balance at July 1, 2010	\$ 4,661,766	\$ 933,719	\$ 1,562,122	\$ 7,157,607

The fund reclassifications did not have an effect on net assets as previously reported.

**C. Budgetary Prior Period Adjustment**

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. Pursuant to GASB Statement No. 54, only the legally budgeted general fund should be reported in the budgetary statement; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2010 is as follows:

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

**Budgetary Basis**

	<u>General Fund</u>
Balance at June 30, 2010	\$ 4,478,027
Funds budgeted elsewhere	<u>(2,862)</u>
Restated balance at July 1, 2010	<u>\$ 4,475,165</u>

**D. Compliance**

Ohio Administrative Code Section 117-2-03 requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2011, the District prepared its financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States treasury notes, bills, bonds, or other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

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

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

**A. Cash with Fiscal Agent**

At June 30, 2011, the District had \$17,772 in cash with fiscal agent held by the Western Buckeye Educational Service Center, which is included on the statement of net assets and balance sheet as "cash and cash equivalents with fiscal agents."

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

**B. Deposits with Financial Institutions**

At June 30, 2011, the carrying amount of all District deposits was \$1,414,618. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$29,399 of the District's bank balance of \$1,424,753 was exposed to custodial risk as discussed below, while \$1,395,354 was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**C. Investments**

As of June 30, 2011, the District had the following investments and maturities:

Investment type	Carrying Amount	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Negotiable CDs	\$ 3,455,003	\$ 549,003	\$ 750,000	\$ 900,000	\$ 907,000	\$ 349,000
FHLB	557,235					557,235
FNMA	1,143,644					1,143,644
Repurchase agreement	1,693,937	1,693,937				
STAR Ohio	5,127	5,127				
<b>Total</b>	<b>\$ 6,854,946</b>	<b>\$ 2,248,067</b>	<b>\$ 750,000</b>	<b>\$ 900,000</b>	<b>\$ 907,000</b>	<b>\$ 2,049,879</b>

The weighted average maturity of investments is 1.74 years.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments in federal agency securities and the federal agency securities that underlie the repurchase agreement were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating standard service rating. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

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

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. Of the District's investment in a repurchase agreement, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer other than for commercial paper and banker's acceptances. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Negotiable CDs	\$ 3,455,003	50.41
FHLB	557,235	8.13
FNMA	1,143,644	16.68
Repurchase agreement	1,693,937	24.71
STAR Ohio	5,127	0.07
Total	<u>\$ 6,854,946</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Assets**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,414,618
Investments	6,854,946
Cash with fiscal agent	<u>17,772</u>
Total	<u>\$ 8,287,336</u>
 <u>Cash and investments per financial statements</u>	
Governmental activities	\$ 8,243,981
Private-purpose trust funds	1,924
Agency funds	<u>41,431</u>
Total	<u>\$ 8,287,336</u>

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, 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 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, 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 the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. 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 were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Paulding County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 85,775,370	87.27	\$ 105,966,330	89.10
Public utility personal	12,416,300	12.63	12,961,160	10.90
Tangible personal property	<u>107,125</u>	<u>0.10</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 98,298,795</u></b>	<b><u>100.00</u></b>	<b><u>\$ 118,927,490</u></b>	<b><u>100.00</u></b>

Tax rate per \$1,000 of  
assessed valuation for:

General	\$32.55	\$32.60
Debt service	5.03	5.03
Maintenance	0.50	0.50



**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**NOTE 6 - INCOME TAX**

The District levies a tax of 1.25 percent for general operations on the income of residents and of estates. Of the overall 1.25 percent taxes, .75 percent is a five-year renewable tax, last renewed in May 2006; .5 percent of the income 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 District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the general fund.

**NOTE 7 - DEBT OBLIGATIONS**

Debt obligations of the District at June 30, 2011 consisted of the following:

		Balance Outstanding <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	Balance Outstanding <u>June 30, 2011</u>	Amount Due in <u>One Year</u>
<u>General Obligation Bonds:</u>						
2001 School Improvement Bonds						
Current interest serial bonds	3.25-4.45%	\$ 450,000	\$ -	\$ (220,000)	\$ 230,000	\$ 230,000
Current interest term bonds	5.00-5.20%	3,250,000	-	(3,250,000)	-	-
Capital appreciation bonds	13.017-13.015%	216,625	-	-	216,625	-
Accretion of interest		313,453	52,358	-	365,811	-
2011 Refunding Bonds						
Current interest serial bonds	1.00-3.90%	-	3,110,000	(50,000)	3,060,000	55,000
Capital appreciation bonds	29.39%	-	139,993	-	139,993	-
Accretion of interest		-	26,339	-	26,339	-
Judgment Loan Payable		<u>3,557,115</u>	<u>-</u>	<u>(196,966)</u>	<u>3,360,149</u>	<u>238,058</u>
Total Debt Obligations		<u>\$ 7,787,193</u>	<u>\$ 3,328,690</u>	<u>\$ (3,716,966)</u>	<u>\$ 7,398,917</u>	<u>\$ 523,058</u>

**2001 School Improvement Bonds** - The District issued \$5,671,625 in voted general obligation bonds for constructing, improving, and making additions to school buildings and related site development. The bonds were issued on May 1, 2001. The bond issue included serial, term, and capital appreciation bonds in the amounts of \$2,205,000, \$3,250,000, and \$216,625, respectively. The bonds will be retired with a voted property tax levy from the debt service fund. Detail of the various bonds is listed below:

**2001 Current Interest Bonds (Serial)** - The Current Interest Bonds were issued for an eleven fiscal year period with final maturity on December 1, 2011. The remaining principal amount to be redeemed as of June 30, 2011, is \$230,000.

**2001 Current Interest Bonds (Term)** - During fiscal year 2011, the \$3,250,000 in term bonds were refunded on September 29, 2010. The balance of the refunded bonds at June 30, 2011 was \$3,250,000.

**2001 Capital Appreciation Bonds** - The Capital Appreciation Bonds will mature in fiscal years 2013 through 2015. The maturity amount of the bonds is \$245,000. The accreted value of the Capital Appreciation Bonds as of June 30, 2011, is \$582,436. Capital Appreciation Bonds are not subject to redemption prior to maturity.

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**NOTE 7 - DEBT OBLIGATIONS - (Continued)**

Payment requirements to retire general obligation debt outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30	Current Interest G.O. Bonds (Series 2001)			Capital Appreciation G.O. Bonds (Series 2001)		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 230,000	\$ 5,118	\$ 235,118	\$ -	\$ -	\$ -
2013	-	-	-	79,278	165,722	245,000
2014	-	-	-	71,980	173,020	245,000
2015	-	-	-	65,367	179,633	245,000
Total	<u>\$ 230,000</u>	<u>\$ 5,118</u>	<u>\$ 235,118</u>	<u>\$ 216,625</u>	<u>\$ 518,375</u>	<u>\$ 735,000</u>

**Series 2010 Refunding General Obligation Bonds** - On September 29, 2010, the District issued general obligation bonds (Series 2010 Refunding Bonds) to advance refund the callable portion of the Series 2001 school improvement current interest bonds. This refunded debt is considered defeased (in-substance).

The refunding issue is comprised of both current interest bonds, par value \$3,110,000 and capital appreciation bonds par value \$139,993. The interest rates on the current interest bonds range from 1.00% - 3.90%. The capital appreciation bonds mature on December 1, 2015 and December 31, 2016 (actual interest rate 27.394%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds maturing December 1, 2015 and December 31, 2016 are \$300,000 and \$295,000, respectively. Total accreted interest of \$26,339 has been included on the debt schedule at June 30, 2011.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2028.

The reacquisition price exceeded the net carrying amount of the old debt by \$268,038. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This advance refunding was undertaken to reduce the combined total debt service payments over the next 18 years by \$265,552 and resulted in an economic gain of \$207,615.

The following is a summary of the future debt service requirements to maturity for the series 2007 refunding bonds:

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**NOTE 7 - DEBT OBLIGATIONS - (Continued)**

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 55,000	\$ 94,235	\$ 149,235	\$ -	\$ -	\$ -
2013	55,000	93,685	148,685	-	-	-
2014	55,000	92,970	147,970	-	-	-
2015	55,000	92,090	147,090	-	-	-
2016	-	91,650	91,650	79,512	220,488	300,000
2017 - 2021	1,235,000	389,555	1,624,555	60,481	234,519	295,000
2022 - 2026	1,245,000	153,496	1,398,496	-	-	-
2027 - 2029	360,000	21,335	381,335	-	-	-
Total	<u>\$ 3,060,000</u>	<u>\$ 1,029,016</u>	<u>\$ 4,089,016</u>	<u>\$ 139,993</u>	<u>\$ 455,007</u>	<u>\$ 595,000</u>

**Judgment Loan Payable** - On October 5, 1995, the Supreme Court of Ohio rendered an adverse decision against the District in a lawsuit, which was filed as the result of an accident involving a District bus. The amount of the judgment at June 30, 1997, was \$5,618,561. On July 8, 1997, the District entered into a loan agreement with the State of Ohio to pay the judgment. Future requirements to retire this debt at June 30, 2011, are as follows:

Fiscal year Ending June 30,	Judgment Loan
2012	\$238,058
2013	243,801
2014	249,896
2015	256,144
2016	262,547
2017-2021	1,414,536
2022-2023	695,167
Total	<u>\$3,360,149</u>

Payments on the above obligations are deducted from the District's General Fund monthly Foundation payments by the State. The monthly deductions are equal to one-twelfth of two-thousandths or 2 mils of the District's total taxable value reported for the lesser of 25 years or a period equal to the number of years required to pay off the loan, commencing July of 1998.

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**NOTE 7 - DEBT OBLIGATIONS - (Continued)**

**Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2011, are a voted debt margin of \$7,758,990 (including available funds of \$751,171) and an unvoted debt margin of \$118,383.

**NOTE 8 - RISK MANAGEMENT**

1. Property and Liability

The District is exposed to various risks related to torts, theft of, damage to, and destruction of assets, error and omissions, injuries to employees and natural disasters. During fiscal year 2011, the District contracted with Ohio Casualty Company for property, fleet, violence and liability insurance in the amounts as follows:

Bodily Injury and Property Damage	\$ 1,000,000
Personal Injury/Advertising Liability	1,000,000
Products/Completed Operations Aggregate Limit	2,000,000
General Annual Aggregate	2,000,000
Fire Legal Liability	300,000
Medical Payments Any One Person	15,000
Errors or Omissions	1,000,000
Errors or Omissions Aggregate	1,000,000
Employment Practices Liability	1,000,000
Employment Practices Liability Aggregate	1,000,000
Owned/Leased Vehicles	1,000,000
Medical Payments	5,000
Uninsured Motorist	1,000,000
Automobile Physical Damage (10 year or new vehicles)	Replacement Cost
Property per Occurrence Limit	53,028,624
Employee Dishonesty/Faithful Performance of Duty	50,000
Forgery or Alteration	50,000
Computer Fraud	50,000
Money & Securities- In	50,000
Money & Securities- Out	50,000
Umbrella each occurrence	4,000,000
Umbrella Aggregate	4,000,000

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**NOTE 8 - RISK MANAGEMENT - (Continued)**

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage since fiscal year 2003.

2. Health Care Benefits

The District participates in the Paulding County Insurance Consortium. Paulding County Insurance Consortium is a council of governments for a shared risk purchase of Life and Health Benefits. The consortium self insures up to \$75,000 per individual and purchases excess coverage through Anthem Insurance.

3. Workers' Compensation

For fiscal year 2011, the District's Workers' Compensation managed care organization is contracted with Sheakley Worker's Compensation. The District did not qualify for a Group Rating Program (GRP) due to prior claims. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria.

**NOTE 9 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 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 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$151,844, \$156,479 and \$109,454, respectively; 65.07 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**NOTE 9 - PENSION PLANS - (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in 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 STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$440,763, \$432,010 and \$419,929, respectively; 83.25 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$36,829, \$22,618 and \$66,933, respectively; 65.07 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$9,772, \$9,305 and \$7,886, respectively; 65.07 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$33,905, \$33,232 and \$32,302, respectively; 83.25 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**NOTE 11 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2011, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Improvements</u>
Current year set-aside requirement	\$ 143,150	\$ 143,150
Current year qualifying expenditures	(95,314)	(15,041)
Excess qualified expenditures from prior years	(151,969)	
Current year offsets		<u>(128,109)</u>
Total	<u>\$ (104,133)</u>	<u>                    </u>
Balance carried forward to fiscal year 2012	<u>\$ (104,133)</u>	<u>                    </u>
Set-aside reserve balance June 30, 2011	<u>                    </u>	<u>                    </u>

For the textbooks reserve, qualifying expenditures exceeding the set-aside requirement may be carried forward to the next fiscal year. For the capital improvements reserve, qualifying expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.



**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS**

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative ("NOACSC") is a jointly governed organization among forty-seven Districts. The jointly governed 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 Districts. Each of the governments of these schools supports NOACSC based upon a per pupil charge dependent upon the software package utilized.

The NOACSC Assembly consists of a representative from each participating District and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent, the two Assembly members from each county in which participating Districts are located. The degree of control exercised by any participating District is limited to its representation of the Board. Financial information can be obtained by contacting Ray Burden, who serves as Director, at 645 South Main Street, Lima, Ohio 45804.

West Central Ohio Special Education Regional Resource Center - The West Central Ohio Special Education Regional Resource Center ("SERRC") is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-two member board consisting of the superintendent from the fifty participating Districts, one representative from a non-public school, and one representative from Wright State University. The degree of control exercised by any participating District is limited to its representation on the Board. Financial information can be obtained from the Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

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

Vantage Vocational School - The Vantage Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating Districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Vantage Vocational School, Lori Davis, who serves as Treasurer, at 818 North Franklin Street, Van Wert, Ohio 45891.

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**NOTE 13 - GROUP PURCHASING POOL**

Paulding County School Consortium's Employee Insurance Benefits Program - The District participates in the Paulding County School Consortium's Employee Insurance Benefits Program ("Program"), a Council of Governments, defined as an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Program is an unincorporated nonprofit association of its members, which enables the participants to provide for a formalized joint insurance purchasing program to maintain adequate insurance protection and provide risk management programs and other administrative services for medical and dental insurance coverage to the employees of the participants. Each participant's superintendent is appointed to a Board of Directors, which advises the Trustee, Huntington Financial, concerning aspects of the administration of the Program. Members are Antwerp Local Schools, Paulding Exempted Village Schools and Wayne Trace Local Schools. Monies are paid monthly to Reliance Financial Services, which holds and invests funds for the Consortium and makes payments to Anthem Insurance, which acts as the TPA for administration of the policies.

Each participant decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Program is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Rob Wannemacher, 4915 U.S. RT. 127, Haviland, Ohio 45851.

**NOTE 14 - INTERFUND TRANSACTIONS**

- A. Advances in/advances out consisted of the following at June 30, 2011 as reported on the fund statement:

<u>Advances In</u>	<u>Advances Out</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 4,816
Nonmajor governmental funds	General fund	<u>22,238</u>
Total		<u>\$ 27,054</u>

The primary purpose of the advances is to cover costs in specific funds where revenues were not received by June 30. Advances in to the general fund in the amount of \$4,816 were repayment of prior year advances. The reaming advances will be repaid once the anticipated revenues are received.

Advances between governmental funds are eliminated on the government-wide financial statements.

- B. Interfund transfers for the year ended June 30, 2011, consisted of the following, as reported on the fund statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Permanent improvement fund	\$ 292,810
Nonmajor governmental funds	<u>22,871</u>
Total	<u>\$ 315,681</u>

**WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)**

**NOTE 14 - INTERFUND TRANSACTIONS (Continued)**

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

**NOTE 15 - CONTINGENCIES**

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2011.

**NOTE 16 - BUDGETARY BASIS**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances that are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the general fund:

**Net Change in Fund Cash Balance**

	<u>General fund</u>
Cash basis	\$ 674,983
Funds budgeted elsewhere **	(14,031)
Adjustment for encumbrances	<u>(67,372)</u>
Budget basis	<u>\$ 593,580</u>

\*\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, public school support fund, special trust fund, rotary fund and termination benefits funds.

WAYNE TRACE LOCAL DISTRICT  
PAULDING COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(Continued)

NOTE 17 - COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-end Encumbrances</u>
General fund	\$ 68,488
Other governmental	<u>615,077</u>
Total	<u>\$ 683,565</u>

WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	10.553	\$38,803	\$38,803
National School Lunch Program	10.555		
Cash Assistance		184,826	184,826
Non- Cash Assistance (Food Distribution)		51,693	51,693
Total National School Lunch Program		<u>236,519</u>	<u>236,519</u>
Total U.S. Department of Agriculture		<u><b>275,322</b></u>	<u><b>275,322</b></u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
<u>Title I, Part A Cluster:</u>			
Title I Grants to Local Educational Agencies	84.010	73,223	95,213
ARRA - Title I Grants to Local Educational Agencies	84.389	14,693	14,690
Total Title I, Part A Cluster		<u>87,916</u>	<u>109,903</u>
<u>Special Education Cluster</u>			
ARRA - Special Education Grants to States	84.391	55,244	58,350
Safe and Drug-Free Schools and Communities State Grants	84.186	1,992	2,118
Title II-D Technology Grant	84.318	931	1,010
Education Jobs Fund	84.410	99,393	109,329
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery	84.395	12,582	12,652
Improving Teacher Quality State Grants	84.367	50,284	55,268
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	<u>362,382</u>	<u>392,867</u>
Total U.S. Department of Education		<u><b>670,724</b></u>	<u><b>741,497</b></u>
<b>Total Federal Awards Receipts and Expenditures</b>		<u><u><b>\$946,046</b></u></u>	<u><u><b>\$1,016,819</b></u></u>

The accompanying notes are an integral part of this Schedule.

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Wayne Trace Local School District's (the 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 District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

Wayne Trace Local School District  
Paulding County  
4915 US Highway 127  
Haviland, Ohio 45851-9738

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 Wayne Trace Local School District, Paulding County, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 10, 2011, wherein we noted the District uses a comprehensive accounting basis other than generally accepted accounting principles and the District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

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

A *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 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 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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2011-001.

We also noted a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated November 10, 2011.

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

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



**Dave Yost**  
Auditor of State

November 10, 2011





# Dave Yost • Auditor of State

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

Wayne Trace Local School District  
Paulding County  
4915 US Highway 127  
Haviland, Ohio 45851-9738

To the Board of Education:

### Compliance

We have audited the compliance of Wayne Trace Local School District, Paulding County, Ohio (the 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 District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The 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 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 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 District's compliance with those requirements.

As described in finding 2011-002 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding allowable activities and allowable costs applicable to its State Fiscal Stabilization Fund major federal program. Compliance with these requirements is necessary, in our opinion, for the District to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Wayne Trace Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

### Internal Control Over Compliance

The 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 District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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 and questioned costs as item 2011-002 to be a material weakness.

We also noted a matter involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated November 10, 2011.

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



**Dave Yost**  
Auditor of State

November 10, 2011

**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2011**

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

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

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

**FINDING NUMBER 2011-001**

**Noncompliance Citation**

**Ohio Revised Code, § 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, § 117-2-03(B)**, which further clarifies the requirements of Ohio Revised Code § 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

For 2011, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the County’s accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles.

**Officials’ Response:**

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

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

<b>Finding Number</b>	<b>2011-002</b>
<b>CFDA Title and Number</b>	ARRA – State Fiscal Stabilization Fund – Education State Grants – CFDA #84.394
<b>Federal Award Number / Year</b>	2011
<b>Federal Agency</b>	United State Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Questioned Cost and Material Weakness**

**American Recovery and Reinvestment Act, Title XIV, Division A, Sections 14003 (b) and (c)** state a local educational agency (LEA) may not use funds received under this title for:

- (1) Payment of maintenance costs;

**FINDING NUMBER 2011-002  
(Continued)**

- (2) Stadiums or other facilities primarily used for athletic contests or exhibitions or other events for which admission is charged to the general public;
- (3) Purchases or upgrades of vehicles; or
- (4) Improvement of stand-alone facilities whose purpose is not the education of children, including central office administration or operations or logistical support facilities; or
- (5) School modernization, renovation, or repair of that is inconsistent with State law.

The District charged \$44,600 in bus and facilities maintenance expenditures during fiscal year 2011, which is an unallowable program activity/cost. Since ARRA legislation prohibits maintenance costs to be charged to the SFSF Federal program, these are considered a questionable use of the funds for this program.

There is a possibility these expenditures may be disqualified and subject to refund.

In order to help ensure proper accountability and mitigate the risk of improper expenditure of ARRA awards, we recommend the District implement corrective action to resolve these questioned expenditures.

Furthermore, we recommend District management make sure monitoring controls are operating effectively to properly manage, monitor, and account for Federal awards. In particular, this should include, but is not limited to, management reviewing allowable activities and costs/cost principles which SFSF funds can be spent and subsequently review and monitor expenditures charged to the SFSF federal program to make sure they are for an allowable use of the funds of the Federal program.

**Officials' Response:**

We did not receive a response from Officials to this finding.

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**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
JUNE 30, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-002	Management will consult with the Ohio Department of Education to resolve the issue.	FY 2012	Rob Wannemacher, Treasurer

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**WAYNE TRACE LOCAL SCHOOL DISTRICT  
PAULDING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	Ohio Revised Code §117.38 and Ohio Administrative Code §117-2-03 (B) – requires the District to prepare its annual financial report in accordance with generally accepted accounting principles.	No	Not Corrected. Reissued as finding 2011-001 in this report.

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Wayne Trace Local School District  
Paulding County  
4915 US Highway 127  
Haviland, Ohio 45851

To the Board of Education:

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

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

We noted the Board amended its anti-harassment policy at its meeting on March 14, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

**Dave Yost**  
Auditor of State

November 10, 2011

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# Dave Yost • Auditor of State

WAYNE TRACE LOCAL SCHOOL DISTRICT

PAULDING 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  
NOVEMBER 29, 2011