



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2010**



**Dave Yost • Auditor of State**



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
General Purpose External Financial Statements:	
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	17
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	21
Statement of Net Assets – Proprietary Fund .....	22
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Fund.....	23
Statement of Cash Flows – Proprietary Fund.....	24
Statement of Fiduciary Net Assets – Fiduciary Funds.....	25
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	26
Notes to the Basic Financial Statements .....	27
Federal Awards Receipts and Expenditures Schedule.....	55
Notes to the Federal Awards Receipts and Expenditures Schedule .....	56
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	57
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A133.....	59
Schedule of Findings and Questioned Costs.....	61

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Wynford Local School District  
Crawford County  
3288 Holmes Center Road  
Bucyrus, Ohio 44820

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 Wynford Local School District, Crawford County, Ohio, (the District), as of and for the year ended June 30, 2010, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wynford Local School District, Crawford County, Ohio, as of June 30, 2010, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 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

March 18, 2011

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

The management's discussion and analysis of the Wynford Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2010 are as follows:

- In total, net assets of governmental activities decreased \$466,118 which represents a 10.67% decrease from 2009.
- General revenues accounted for \$9,478,327 in revenue or 80.63% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,276,461 or 19.37% of total revenues of \$11,754,788.
- The District had \$12,220,906 in expenses related to governmental activities; \$2,276,461 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$9,478,327 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$9,711,795 in revenues and other financing sources and \$10,148,192 in expenditures and other financing uses. During fiscal year 2010, the general fund's fund balance decreased \$436,397 from \$1,800,174 to \$1,363,777.
- The bond retirement fund had \$688,591 in revenues and \$509,796 in expenditures. During fiscal year 2010, the bond retirement fund's fund balance increased \$178,795 from \$274,754 to \$453,549.

**Using these Basic Financial Statements**

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

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

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**Reporting the District as a Whole**

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

The District's Statement of Net Assets and Statement of Activities can be found on pages 17 and 18 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 11. 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 bond retirement 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 an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

***Proprietary Funds***

The District maintains one proprietary fund, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for medical/hospitalization, prescription drug and dental self-insurance program. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 27 and 28. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29 - 57 of this report.

**The District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the District as a whole. A comparative analysis has been provided.

The table below provides a summary of the District's net assets at June 30, 2010 and June 30, 2009.

	Governmental Activities 2010	Governmental Activities 2009
<b><u>Assets</u></b>		
Current and other assets	\$ 6,381,334	\$ 6,837,089
Capital assets, net	<u>7,914,297</u>	<u>7,899,872</u>
Total assets	<u>14,295,631</u>	<u>14,736,961</u>
<b><u>Liabilities</u></b>		
Current liabilities	3,946,049	3,775,840
Long-term liabilities	<u>6,445,969</u>	<u>6,591,390</u>
Total liabilities	<u>10,392,018</u>	<u>10,367,230</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	2,112,437	1,890,431
Restricted	936,972	861,927
Unrestricted	<u>854,204</u>	<u>1,617,373</u>
Total net assets	<u>\$ 3,903,613</u>	<u>\$ 4,369,731</u>

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

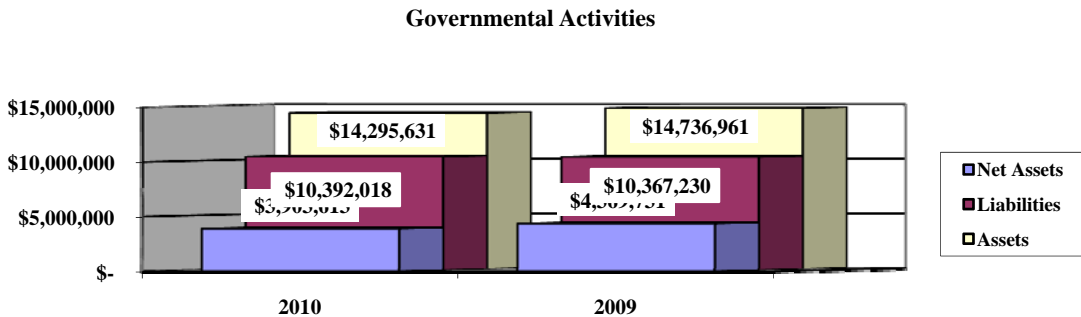
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
UNAUDITED  
(Continued)**

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$3,903,613. Of this total, \$854,204 is unrestricted in use.

At fiscal year-end, capital assets represented 55.36% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$2,112,437. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$936,972, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$854,204 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below illustrates the District's assets, liabilities and net assets at June 30, 2010 and June 30, 2009.



The table below shows the change in net assets for fiscal years 2010 and 2009.

	<b>Change in Net Assets</b>	
	Governmental Activities 2010	Governmental Activities 2009
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 1,148,585	\$ 1,135,921
Operating grants and contributions	1,127,876	1,066,323
Capital grants and contributions	-	21,706
General revenues:		
Property taxes	3,752,286	3,823,881
Grants and entitlements	5,663,117	5,468,549
Investment earnings	45,460	77,048
Other	17,464	11,603
<b>Total revenues</b>	<b>11,754,788</b>	<b>11,605,031</b>

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

	<b>Change in Net Assets</b>	
	Governmental	Governmental
	Activities	Activities
	<u>2010</u>	<u>2009</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 4,752,669	\$ 4,754,776
Special	1,521,954	1,213,008
Vocational	4,061	4,702
Other	534,911	543,423
Support services:		
Pupil	1,161,083	1,079,149
Instructional staff	352,203	333,799
Board of education	6,645	7,202
Administration	848,230	790,389
Fiscal	361,075	396,980
Business	13,590	13,760
Operations and maintenance	734,849	745,107
Pupil transportation	686,238	695,325
Central	44,393	42,726
Operation of non-instructional services:		
Other non-instructional services	600	600
Food service operations	537,502	532,153
Extracurricular activities	378,313	362,860
Interest and fiscal charges	<u>282,590</u>	<u>291,056</u>
Total expenses	<u>12,220,906</u>	<u>11,807,015</u>
Change in net assets	(466,118)	(201,984)
Net assets at beginning of year	<u>4,369,731</u>	<u>4,571,715</u>
Net assets at end of year	<u>\$ 3,903,613</u>	<u>\$ 4,369,731</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$466,118. Total governmental expenses of \$12,220,906 were offset by program revenues of \$2,276,461 and general revenues of \$9,478,327. Program revenues supported 18.63% of the total governmental expenses.

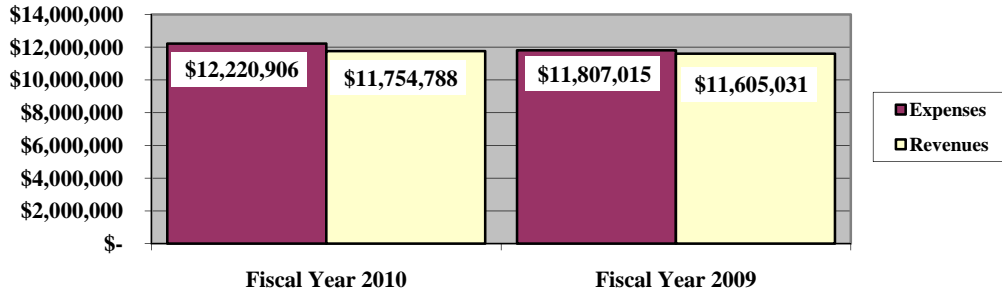
The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 80.10% of total governmental revenue. The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,813,595 or 55.75% of total governmental expenses for fiscal year 2010.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2010 and 2009.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**Governmental Activities - Revenues and Expenses**



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2010 and 2009. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	<b>Governmental Activities</b>			
	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 4,752,669	\$ 3,924,174	\$ 4,754,776	\$ 3,960,204
Special	1,521,954	1,015,528	1,213,008	425,864
Vocational	4,061	(1,473)	4,702	(651)
Other	534,911	534,911	543,423	537,763
Support services:				
Pupil	1,161,083	1,136,522	1,079,149	1,070,534
Instructional staff	352,203	346,667	333,799	323,027
Board of education	6,645	6,645	7,202	7,202
Administration	848,230	813,148	790,389	784,547
Fiscal	361,075	361,075	396,980	396,980
Business	13,590	13,590	13,760	13,760
Operations and maintenance	734,849	538,105	745,107	743,969
Pupil transportation	686,238	686,238	695,325	671,778
Central	44,393	14,388	42,726	36,726
Operation of non-instructional services:				
Other non-instructional services	600	600	600	600
Food service operations	537,502	89,686	532,153	94,239
Extracurricular activities	378,313	182,051	362,860	225,467
Interest and fiscal charges	282,590	282,590	291,056	291,056
<b>Total expenses</b>	<b>\$ 12,220,906</b>	<b>\$ 9,944,445</b>	<b>\$ 11,807,015</b>	<b>\$ 9,583,065</b>

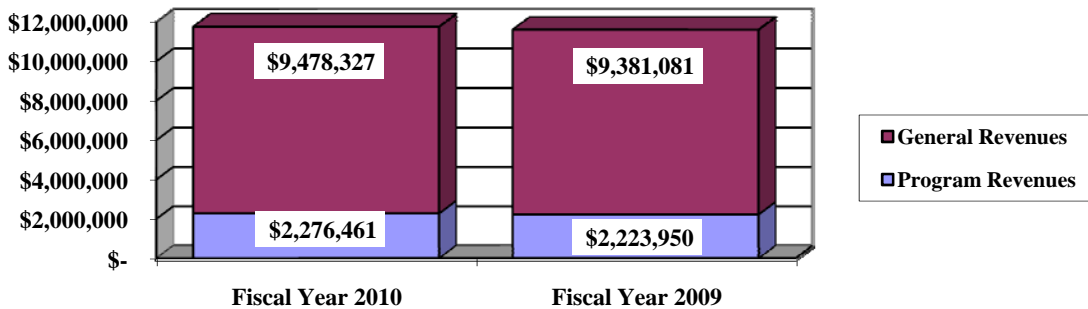
**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

The dependence upon tax and other general revenues for governmental activities is apparent, 80.33% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.37%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2010 and 2009.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$2,034,411, which is lower than last year's total of \$2,513,377. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and June 30, 2009.

	Fund Balance June 30, 2010	Fund Balance June 30, 2009	Increase/ (Decrease)	Percentage Change
General	\$ 1,363,777	\$ 1,800,174	\$ (436,397)	(24.24) %
Bond Retirement	453,549	274,754	178,795	65.07 %
Other Governmental	217,085	438,449	(221,364)	(50.49) %
<b>Total</b>	<b>\$ 2,034,411</b>	<b>\$ 2,513,377</b>	<b>\$ (478,966)</b>	<b>(19.06) %</b>

**General Fund**

The District's general fund balance decreased \$436,397 due to expenditures outpacing revenues during fiscal year 2010. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 3,280,540	\$ 3,193,190	\$ 87,350	2.74 %
Tuition	650,577	684,507	(33,930)	(4.96) %
Earnings on investments	44,839	76,867	(32,028)	(41.67) %
Classroom materials and fees	50,027	54,008	(3,981)	(7.37) %
Intergovernmental	5,633,463	5,756,893	(123,430)	(2.14) %
Other revenues	<u>19,249</u>	<u>12,741</u>	<u>6,508</u>	51.08 %
Total	<u>\$ 9,678,695</u>	<u>\$ 9,778,206</u>	<u>\$ (99,511)</u>	(1.02) %
<b><u>Expenditures</u></b>				
Instruction	\$ 6,007,947	\$ 5,946,977	\$ 60,970	1.03 %
Support services	3,811,263	3,934,552	(123,289)	(3.13) %
Other non-instructional services	600	600	-	- %
Extracurricular activities	235,624	216,103	19,521	9.03 %
Capital outlay	33,100	-	33,100	100.00 %
Debt service	<u>6,274</u>	<u>10,755</u>	<u>(4,481)</u>	(41.66) %
Total	<u>\$ 10,094,808</u>	<u>\$ 10,108,987</u>	<u>\$ (14,179)</u>	(0.14) %

Revenues of the general fund decreased \$99,511 or 1.02%. The most significant decreases were in the areas of earnings on investments and intergovernmental revenue. Earnings on investments decreased \$32,028 or 41.67% due to declining interest rates during fiscal year 2010. Intergovernmental revenue decreased \$123,430 or 2.14% due to a decrease in foundation revenue, which is now attributable to the education stabilization fund, a nonmajor governmental fund.

Expenditures of the general fund decreased \$14,179 or 0.14%. The most significant decrease was in the area of support services expenditures. This decrease is primarily attributable to the District's effort to remain fiscally responsible during difficult economic times.

***Bond Retirement Fund***

The bond retirement fund had \$688,591 in revenues and \$509,796 in expenditures. During fiscal year 2010, the bond retirement fund's fund balance increased \$178,795 from \$274,754 to \$453,549.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2010, the District amended its general fund budget several times. For the general fund, original budgeted revenues and other financing sources were \$9,348,774 and final budgeted revenues and other financing sources were \$9,786,764. Actual revenues and other financing sources for fiscal year 2010 were \$9,771,632. This represents a \$15,132 decrease from final budgeted amounts.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

General fund original appropriations (appropriated expenditures including other financing uses) totaled \$10,311,186 and final appropriations totaled \$10,323,168. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$10,217,171, which was \$105,997 less than the final budgeted amounts.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2010, the District had \$7,914,297 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2010 balances compared to June 30, 2009 balances:

	<b>Capital Assets at June 30 (Net of Depreciation)</b>	
	<u>Governmental Activities</u>	
	<u>2010</u>	<u>2009</u>
Land	\$ 230,237	\$ 230,237
Land improvements	215,088	254,302
Building and improvements	6,807,511	6,799,363
Furniture and equipment	505,209	436,598
Vehicles	<u>156,252</u>	<u>179,372</u>
 Total	 <u>\$ 7,914,297</u>	 <u>\$ 7,899,872</u>

The overall increase in capital assets of \$14,425 is due to capital outlays of \$370,964 exceeding depreciation expense of \$312,723. In addition, the District had disposals of \$43,816, net of accumulated depreciation.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2010, the District had \$2,955,000 in series 1999 general obligation bonds, \$2,610,000 in series 2008 general obligation bonds, \$119,995 in capital appreciation bonds, \$39,695 in accreted interest, and \$33,100 in capital lease obligations. Of this total, \$265,388 is due within one year and \$5,492,402 is due in more than one year. The following table summarizes the bonds and loans outstanding.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**Outstanding Debt, at Year End**

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
General obligation bonds - series 1999	\$ 2,955,000	\$ 3,165,000
Refunding bonds - series 2008		
Current interest bonds	2,610,000	2,635,000
Capital appreciation bonds	119,995	119,995
Accreted interest	39,695	21,033
Capital lease obligation	<u>33,100</u>	<u>6,110</u>
 Total	 <u>\$ 5,757,790</u>	 <u>\$ 5,947,138</u>

At June 30, 2010, the District's overall legal debt margin was \$6,613,127 with an unvoted debt margin of \$131,606. See Note 10 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

Consistent with many school districts in Ohio, the District is forced to face the difficult challenges of maintaining the highest standards of service to the students and the community, while striving to remain financially solvent. A new evidence-based school funding model (HB1) was introduced by the Governor and approved by the House and Senate in July of 2009. Through that model, the District is guaranteed to receive at least 98% of the prior year's distribution in fiscal year 2011. It should be noted that fiscal year 2011 is the last fiscal year of the biennium budget, meaning there is uncertainty regarding the amount of State of Ohio funding the District will receive in the future. The District plans to continue to monitor how the new funding model's calculations, changes in the State's biennium budget and corresponding decisions on funding schools affect the District's budget.

The District's five year forecast shows a positive carryover to the subsequent year at the end of fiscal years 2010 and 2011. Although the current forecast displays expenditures over the carryover from the prior year plus current year revenues beginning in fiscal year 2012, the District will continue to closely monitor the results of moving to a self-insured health savings account plan for its medical and prescription insurance, estimating that the generated savings from this change, maintaining careful spending and identifying ways to further trim expenditures will eliminate the negative margin in those fiscal years. In addition, the passage of a 3.3 mill emergency levy renewal and a 6.9 mill operating levy renewal in May of 2012 is essential to continuing the positive carryover balances in fiscal years 2013 and beyond. The Board will continue to monitor the projections included in the five year forecast and make decisions accordingly, including attempting to identify additional cost savings with the administration and the staff's assistance.

The District continues to face many challenges in the future and stabilizing the District's finances is critical to continuing its academic excellence. The District's community takes pride in its schools and values the education its students receive. The Board, along with the administration and staff, is committed to working with the community in order to maintain their support and to continue operating a safe, effective, and efficient school system.



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Leesa Smith, Treasurer, Wynford Local School District, 3288 Holmes Center Road, Bucyrus, Ohio 44820-9462.

**THIS PAGE INTENTIONALLY LEFT BLANK**

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2010**

	<u><b>Governmental Activities</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 2,244,676
Investments. . . . .	27,633
Receivables:	
Taxes . . . . .	3,962,442
Accounts. . . . .	6,112
Intergovernmental . . . . .	56,802
Prepayments . . . . .	7,992
Materials and supplies inventory. . . . .	5,370
Unamortized bond issue costs . . . . .	70,307
Capital assets:	
Land . . . . .	230,237
Depreciable capital assets, net. . . . .	7,684,060
Capital assets, net. . . . .	<u>7,914,297</u>
Total assets. . . . .	<u>14,295,631</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	20,333
Accrued wages and benefits . . . . .	858,710
Pension obligation payable. . . . .	231,243
Intergovernmental payable . . . . .	80,184
Accrued interest payable . . . . .	20,458
Claims payable. . . . .	176,114
Unearned revenue . . . . .	2,559,007
Long-term liabilities:	
Due within one year. . . . .	342,492
Due in more than one year . . . . .	6,103,477
Total liabilities . . . . .	<u>10,392,018</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	2,112,437
Restricted for:	
Capital projects . . . . .	256,096
Debt service. . . . .	467,327
Locally funded programs . . . . .	1,094
State funded programs. . . . .	1,212
Federally funded programs . . . . .	829
Student activities . . . . .	139,942
Public school support . . . . .	18,482
Other purposes . . . . .	51,990
Unrestricted. . . . .	<u>854,204</u>
Total net assets . . . . .	<u><u>\$ 3,903,613</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

		<b>Program Revenues</b>		<b>Net (Expense) Revenue and Changes in Net Assets</b>
	<b>Expenses</b>	<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Governmental Activities</b>
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 4,752,669	\$ 694,271	\$ 134,224	\$ (3,924,174)
Special . . . . .	1,521,954	8,329	498,097	(1,015,528)
Vocational . . . . .	4,061	153	5,381	1,473
Other . . . . .	534,911	-	-	(534,911)
Support services:				
Pupil . . . . .	1,161,083	-	24,561	(1,136,522)
Instructional staff . . . . .	352,203	-	5,536	(346,667)
Board of education . . . . .	6,645	-	-	(6,645)
Administration . . . . .	848,230	-	35,082	(813,148)
Fiscal . . . . .	361,075	-	-	(361,075)
Business . . . . .	13,590	-	-	(13,590)
Operations and maintenance . . . . .	734,849	1,785	194,959	(538,105)
Pupil transportation . . . . .	686,238	-	-	(686,238)
Central . . . . .	44,393	-	30,005	(14,388)
Operation of non-instructional services:				
Other non-instructional services . . . . .	600	-	-	(600)
Food service operations . . . . .	537,502	251,339	196,477	(89,686)
Extracurricular activities . . . . .	378,313	192,708	3,554	(182,051)
Interest and fiscal charges . . . . .	282,590	-	-	(282,590)
<b>Total governmental activities . . . . .</b>	<b>\$ 12,220,906</b>	<b>\$ 1,148,585</b>	<b>\$ 1,127,876</b>	<b>(9,944,445)</b>
 <b>General revenues:</b>				
Property taxes levied for:				
				3,198,432
				553,854
Grants and entitlements not restricted				
				5,663,117
				45,460
				17,464
				9,478,327
				(466,118)
				4,369,731
				\$ 3,903,613

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2010**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 1,306,021	\$ 252,082	\$ 398,281	\$ 1,956,384
Investments. . . . .	-	-	27,633	27,633
Receivables:				
Taxes . . . . .	3,331,121	631,321	-	3,962,442
Accounts. . . . .	5,519	-	-	5,519
Intergovernmental . . . . .	-	-	56,802	56,802
Interfund loans. . . . .	13,100	-	-	13,100
Prepayments. . . . .	7,852	-	140	7,992
Materials and supplies inventory. . . . .	-	-	5,370	5,370
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	51,618	-	-	51,618
Total assets . . . . .	<u>\$ 4,715,231</u>	<u>\$ 883,403</u>	<u>\$ 488,226</u>	<u>\$ 6,086,860</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 17,185	\$ -	\$ 3,148	\$ 20,333
Accrued wages and benefits. . . . .	768,250	-	90,460	858,710
Compensated absences payable . . . . .	22,664	-	-	22,664
Pension obligation payable. . . . .	208,445	-	22,798	231,243
Intergovernmental payable. . . . .	76,575	-	3,609	80,184
Interfund loans payable . . . . .	-	-	13,100	13,100
Deferred revenue . . . . .	176,170	34,236	56,802	267,208
Unearned revenue. . . . .	2,082,165	395,618	81,224	2,559,007
Total liabilities. . . . .	<u>3,351,454</u>	<u>429,854</u>	<u>271,141</u>	<u>4,052,449</u>
<b>Fund Balances:</b>				
Reserved for encumbrances. . . . .	78,883	-	15,359	94,242
Reserved for debt service. . . . .	-	252,082	-	252,082
Reserved for materials and supplies inventory . . . . .	-	-	5,370	5,370
Reserved for prepayments . . . . .	7,852	-	140	7,992
Reserved for tax revenue unavailable for appropriation . . . . .	1,072,786	201,467	-	1,274,253
Reserved for school bus purchases . . . . .	51,618	-	-	51,618
Unreserved, undesignated (deficit), reported in:				
General fund. . . . .	152,638	-	-	152,638
Special revenue funds . . . . .	-	-	(59,880)	(59,880)
Capital projects fund. . . . .	-	-	256,096	256,096
Total fund balances . . . . .	<u>1,363,777</u>	<u>453,549</u>	<u>217,085</u>	<u>2,034,411</u>
Total liabilities and fund balances . . . . .	<u>\$ 4,715,231</u>	<u>\$ 883,403</u>	<u>\$ 488,226</u>	<u>\$ 6,086,860</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2010**

<b>Total governmental fund balances</b>		\$	2,034,411
 <i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			7,914,297
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	210,406	
Intergovernmental receivable		56,802	
Total			267,208
An internal service funds is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net assets.			61,153
Unamortized premiums on bond issuances are not recognized in the funds.			(234,344)
Unamortized bond issuance costs are not recognized in the funds.			70,307
Unamortized deferred amounts on refundings are not recognized in the funds.			150,579
On the statement of net assets interest is accrued on outstanding bonds, whereas in governmental funds, interest is accrued when due.			(20,458)
Long-term liabilities, including bonds and lease obligations payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences payable		(581,750)	
General obligation bonds payable		(5,724,690)	
Capital lease obligation payable		(33,100)	
Total			(6,339,540)
<b>Net assets of governmental activities</b>		<b>\$</b>	<b>3,903,613</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 3,280,540	\$ 558,928	\$ -	\$ 3,839,468
Tuition . . . . .	650,577	-	-	650,577
Charges for services . . . . .	-	-	250,932	250,932
Earnings on investments . . . . .	44,839	-	1,710	46,549
Classroom materials and fees . . . . .	50,027	-	-	50,027
Extracurricular . . . . .	-	-	155,673	155,673
Rental income . . . . .	1,785	-	-	1,785
Contributions and donations . . . . .	-	-	32,479	32,479
Other local revenues . . . . .	17,464	-	39,591	57,055
Intergovernmental - state . . . . .	5,568,070	129,663	9,743	5,707,476
Intergovernmental - federal . . . . .	65,393	-	1,042,261	1,107,654
<b>Total revenues . . . . .</b>	<b>9,678,695</b>	<b>688,591</b>	<b>1,532,389</b>	<b>11,899,675</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,507,595	-	136,488	4,644,083
Special . . . . .	961,494	-	573,021	1,534,515
Vocational . . . . .	3,947	-	-	3,947
Other . . . . .	534,911	-	-	534,911
Support services:				
Pupil . . . . .	1,125,364	-	27,024	1,152,388
Instructional staff . . . . .	330,930	-	4,838	335,768
Board of education . . . . .	6,607	-	-	6,607
Administration . . . . .	781,062	-	39,739	820,801
Fiscal . . . . .	342,604	15,902	-	358,506
Business . . . . .	13,590	-	-	13,590
Operations and maintenance . . . . .	543,575	-	201,268	744,843
Pupil transportation . . . . .	637,192	-	-	637,192
Central . . . . .	30,339	-	30,005	60,344
Operation of non-instructional services:				
Other non-instructional services . . . . .	600	-	-	600
Food service operations . . . . .	-	-	503,032	503,032
Extracurricular activities . . . . .	235,624	-	95,939	331,563
Facilities acquisition and construction . . . . .	-	-	195,783	195,783
Capital outlay . . . . .	33,100	-	-	33,100
Debt service:				
Principal retirement . . . . .	6,110	235,000	-	241,110
Interest and fiscal charges . . . . .	164	258,894	-	259,058
<b>Total expenditures . . . . .</b>	<b>10,094,808</b>	<b>509,796</b>	<b>1,807,137</b>	<b>12,411,741</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	(416,113)	178,795	(274,748)	(512,066)
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	-	-	53,384	53,384
Transfers (out) . . . . .	(53,384)	-	-	(53,384)
Capital lease transaction . . . . .	33,100	-	-	33,100
<b>Total other financing sources (uses) . . . . .</b>	<b>(20,284)</b>	<b>-</b>	<b>53,384</b>	<b>33,100</b>
Net change in fund balances . . . . .	(436,397)	178,795	(221,364)	(478,966)
<b>Fund balances at beginning of year . . . . .</b>	<b>1,800,174</b>	<b>274,754</b>	<b>438,449</b>	<b>2,513,377</b>
<b>Fund balances at end of year . . . . .</b>	<b>\$ 1,363,777</b>	<b>\$ 453,549</b>	<b>\$ 217,085</b>	<b>\$ 2,034,411</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>Net change in fund balances - total governmental funds</b>		\$	(478,966)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.			
Capital asset additions		\$ 370,964	
Current year depreciation		(312,723)	
Total			58,241
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.			
			(43,816)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Delinquent property taxes		(87,182)	
Intergovernmental		(58,326)	
Total			(145,508)
Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.			
General obligation bonds		235,000	
Capital lease		6,110	
Total			241,110
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:			
Decrease in accrued interest payable		795	
Accretion of interest on "capital appreciation" bonds		(18,662)	
Amortization of bond premium		17,466	
Amortization of deferred charges on refundings		(17,890)	
Amortization of bond issue costs		(5,241)	
Total			(23,532)
Proceeds of capital lease transactions are recorded as an other financing source in the funds however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.			
			(33,100)
Some expenses reported in the statement of activities, including compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
			(22,295)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.			
			(18,252)
<b>Change in net assets of governmental activities</b>		<b>\$</b>	<b>(466,118)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 3,184,699	\$ 3,221,719	\$ 3,221,719	\$ -
Tuition . . . . .	684,071	650,577	650,577	-
Earnings on investments . . . . .	75,024	46,311	44,839	(1,472)
Classroom materials and fees . . . . .	43,025	47,650	50,038	2,388
Rental income . . . . .	501	1,785	1,785	-
Other local revenues . . . . .	10,008	14,514	12,148	(2,366)
Intergovernmental - state . . . . .	5,316,749	5,706,271	5,682,968	(23,303)
Intergovernmental - federal . . . . .	-	63,259	65,393	2,134
Total revenues . . . . .	<u>9,314,077</u>	<u>9,752,086</u>	<u>9,729,467</u>	<u>(22,619)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	4,506,545	4,620,979	4,473,748	147,231
Special . . . . .	959,473	977,961	998,220	(20,259)
Vocational . . . . .	3,882	3,952	3,945	7
Other . . . . .	527,289	536,840	536,132	708
Support services:				
Pupil . . . . .	1,163,413	1,167,236	1,156,792	10,444
Instructional staff . . . . .	334,501	335,948	320,074	15,874
Board of education . . . . .	8,607	8,763	6,607	2,156
Administration . . . . .	820,882	816,955	810,287	6,668
Fiscal . . . . .	394,459	400,762	378,600	22,162
Business . . . . .	14,437	14,764	13,590	1,174
Operations and maintenance . . . . .	728,283	575,377	549,916	25,461
Pupil transportation . . . . .	601,989	611,927	627,682	(15,755)
Central . . . . .	13,292	13,329	29,233	(15,904)
Operation of non-instructional services:				
Other non-instructional services . . . . .	589	600	600	-
Extracurricular activities . . . . .	233,545	237,775	237,771	4
Total expenditures . . . . .	<u>10,311,186</u>	<u>10,323,168</u>	<u>10,143,197</u>	<u>179,971</u>
Excess of expenditures over revenues . . . . .	<u>(997,109)</u>	<u>(571,082)</u>	<u>(413,730)</u>	<u>157,352</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	29	28	25	(3)
Transfers (out) . . . . .	-	-	(53,384)	(53,384)
Advances in . . . . .	34,668	34,650	42,140	7,490
Advances (out) . . . . .	-	-	(20,590)	(20,590)
Total other financing sources (uses) . . . . .	<u>34,697</u>	<u>34,678</u>	<u>(31,809)</u>	<u>(66,487)</u>
Net change in fund balance . . . . .	(962,412)	(536,404)	(445,539)	90,865
<b>Fund balance at beginning of year . . . . .</b>	<b>1,576,331</b>	<b>1,576,331</b>	<b>1,576,331</b>	<b>-</b>
<b>Prior year encumbrances appropriated . . . . .</b>	<b>126,041</b>	<b>126,041</b>	<b>126,041</b>	<b>-</b>
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 739,960</u></b>	<b><u>\$ 1,165,968</u></b>	<b><u>\$ 1,256,833</u></b>	<b><u>\$ 90,865</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2010**

	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents . . . . .	\$ 236,674
Receivables:	
Accounts . . . . .	593
Total assets. . . . .	237,267
<b>Liabilities:</b>	
Claims payable . . . . .	176,114
Total current liabilities . . . . .	176,114
Total liabilities . . . . .	176,114
<b>Net assets:</b>	
Unrestricted. . . . .	61,153
Total net assets . . . . .	\$ 61,153

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 1,376,841
Total operating revenues . . . . .	<u>1,376,841</u>
<b>Operating expenses:</b>	
Purchased services. . . . .	265,424
Claims expense . . . . .	1,130,290
Total operating expenses. . . . .	<u>1,395,714</u>
Operating loss . . . . .	<u>(18,873)</u>
<b>Nonoperating revenues:</b>	
Interest revenue . . . . .	621
Total nonoperating revenues. . . . .	<u>621</u>
Change in net assets. . . . .	(18,252)
<b>Net assets at beginning of year . . . . .</b>	<u>79,405</u>
<b>Net assets at end of year. . . . .</b>	<u><u>\$ 61,153</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 1,376,248
Cash payments for purchased services . . . . .	(265,424)
Cash payments for claims. . . . .	(1,171,967)
	(61,143)
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	621
	621
Net cash provided by investing activities . . . . .	621
Net decrease in cash and cash equivalents . . . . .	(60,522)
<b>Cash and cash equivalents at beginning of year . . .</b>	<b>297,196</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 236,674</b>
	<b>236,674</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss. . . . .	\$ (18,873)
Changes in assets and liabilities:	
(Increase) in accounts receivable. . . . .	(593)
(Decrease) in claims payable . . . . .	(41,677)
	(42,270)
Net cash used in operating activities . . . . .	<b>\$ (61,143)</b>
	<b>(61,143)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2010**

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 11,152	\$ 73,246
Prepayments . . . . .	-	367
Total assets. . . . .	11,152	\$ 73,613
<b>Liabilities:</b>		
Accounts payable. . . . .	-	\$ 1,336
Due to students. . . . .	-	72,277
Total liabilities . . . . .	-	\$ 73,613
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	11,152	
Total net assets . . . . .	\$ 11,152	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Deductions:</b>	
Scholarships awarded . . . . .	\$ 1,000
Change in net assets. . . . .	(1,000)
<b>Net assets at beginning of year . . . . .</b>	<b>12,152</b>
<b>Net assets at end of year. . . . .</b>	<b>\$ 11,152</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

Wynford Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio to provide educational services to students and other community members of the District. Under such laws, there is no authority for a School District to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the citizens of the District.

The District serves an area of approximately 327 square miles in Crawford County, and includes portions of the City of Bucyrus, the Village of Nevada and portions of surrounding townships.

The District is the 459<sup>th</sup> largest by enrollment among 905 public and community schools in the State and 3<sup>rd</sup> largest in Crawford County. It currently operates two instructional buildings and a bus garage. The District is staffed by 83 certified and 48 non-certified employees to provide services to approximately 1,081 students.

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

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

**A. Reporting Entity**

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". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; 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. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**A. Reporting Entity (Continued)**

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATIONS*

*Pioneer Career and Technology Center (PCTC)*

The PCTC 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 school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Treasurer of the Pioneer Career and Technology Center at 27 Ryan Road, Shelby, OH 44875.

*Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")*

The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2010, the District paid \$65,079 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

*INSURANCE PURCHASING POOL*

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

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "GRP") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**B. Fund Accounting (Continued)**

The following are the District's major governmental funds:

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

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond and note principal, interest and related costs.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; (b) grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

**PROPRIETARY FUND**

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical/surgical and dental benefits to employees.

**FIDUCIARY FUNDS**

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

**C. Basis of Presentation and Measurement Focus**

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**C. Basis of Presentation and Measurement Focus (Continued)**

The government-wide Statement of Activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the Statement of Net Assets.

*Fund Financial Statements* - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund is charges for sales and services. Operating expenses for the internal service fund include claims and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue on the governmental fund financial statements.

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

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**D. Basis of Accounting (Continued)**

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. Budgets**

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except agency funds). The specific timetable for fiscal year 2010 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Crawford County Budget Commission for tax rate determination. Crawford County has waived this requirement for fiscal year 2010.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2010.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**E. Budgets (Continued)**

6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2010. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at fiscal year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2010, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), and certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as certificates of deposit, are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2010.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Investment earnings are assigned to the general fund and nonmajor governmental funds. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$44,839 which includes \$16,504 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year end is provided in Note 4.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**G. Inventory**

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	15 - 50 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	8 - 10 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column on the statement of net assets.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2010, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2010 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**L. Fund Balance Reserves**

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, debt service, school bus purchases and property tax revenue unavailable for appropriation. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes includes amounts restricted by State statute for school bus purchases.

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

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**O. Estimates**

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

**P. Unamortized Bond Issuance Costs/Bond Premium and Discount/Accounting Gain or Loss**

On government-wide financial statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as an addition to or reduction of the face amount of the new debt. On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bond's face value and the amount reported on the statement of net assets is presented in Note 10A.



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**Q. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set-aside to establish a bus purchase reserve. This reserve is required by State statute. A schedule of statutory reserves is presented in Note 16.

**R. Interfund Activity**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by State and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**A. Change in Accounting Principles (Continued)**

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 45,928
Title VI-B	87,284
Title I	57,646
Classroom reduction	9,255

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balance in the food service fund (a nonmajor governmental fund) resulted from adjustments for accrued liabilities.

The deficit fund balances in the Title VI-B, Title I and classroom reduction funds, all nonmajor governmental funds, resulted from both the reporting of short-term interfund loans as a fund liability rather than as an other financing source and adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
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 items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**A. Cash on Hand**

At fiscal year end, the District had \$3,825 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2010, the carrying amount of all District deposits was \$2,026,067. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$1,665,490 of the District's bank balance of \$2,100,421 was exposed to custodial risk as discussed below, while \$434,931 was covered by the 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, 2010, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ <u>326,815</u>	\$ <u>326,815</u>

*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:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

*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 investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2010:

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**C. Investments (Continued)**

<u>Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
STAR Ohio	\$ 326,815	100.00

**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, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,026,067
Investments	326,815
Cash on hand	<u>3,825</u>
Total	<u>\$ 2,356,707</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 2,272,309
Private-purpose trust fund	11,152
Agency fund	<u>73,246</u>
Total	<u>\$ 2,356,707</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 2010 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 13,100</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

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

- B. Interfund transfers for the year ended June 30, 2010, consisted of the following, as reported on the fund financial statements:

<u>Transfers to nonmajor governmental funds from:</u>	
General fund	<u>\$ 53,384</u>

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.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**NOTE 6 - 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 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Crawford and Wyandot Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$1,072,786 in the general fund and \$201,467 in the bond retirement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$1,013,965 in the general fund and \$178,568 in the bond retirement fund. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**NOTE 6 - PROPERTY TAXES - (Continued)**

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

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

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 113,725,930	95.44	\$ 125,995,670	95.70
Public utility personal	5,432,200	4.56	5,461,030	4.15
Tangible personal property	<u>-</u>	<u>-</u>	<u>193,810</u>	<u>0.15</u>
Total	<u>\$ 119,158,130</u>	<u>100.00</u>	<u>\$ 131,650,510</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$56.89		\$56.64

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2010 consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

**Governmental activities:**

Taxes	\$ 3,962,442
Accounts	6,112
Intergovernmental	<u>56,802</u>
Total	<u>\$ 4,025,356</u>

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

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance			Balance
	<u>06/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/10</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 230,237	\$ -	\$ -	\$ 230,237
Total capital assets, not being depreciated	<u>230,237</u>	<u>-</u>	<u>-</u>	<u>230,237</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	411,734	-	(69,975)	341,759
Buildings and improvements	10,362,138	210,808	-	10,572,946
Furniture and equipment	1,169,182	150,936	(149,514)	1,170,604
Vehicles	971,378	9,220	-	980,598
Total capital assets, being depreciated	<u>12,914,432</u>	<u>370,964</u>	<u>(219,489)</u>	<u>13,065,907</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(157,432)	(18,501)	49,262	(126,671)
Buildings and improvements	(3,562,775)	(202,660)	-	(3,765,435)
Furniture and equipment	(732,584)	(59,222)	126,411	(665,395)
Vehicles	(792,006)	(32,340)	-	(824,346)
Total accumulated depreciation	<u>(5,244,797)</u>	<u>(312,723)</u>	<u>175,673</u>	<u>(5,381,847)</u>
Governmental activities capital assets, net	<u>\$ 7,899,872</u>	<u>\$ 58,241</u>	<u>\$ (43,816)</u>	<u>\$ 7,914,297</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 122,923
Special	25,763
Vocational	114
<u>Support services:</u>	
Pupil	7,680
Instructional staff	6,428
Board of Education	38
Administration	24,290
Fiscal	4,513
Operations and maintenance	25,508
Pupil transportation	43,620
Central	726
Extracurricular activities	25,594
Food service operations	<u>25,526</u>
Total depreciation expense	<u>\$ 312,723</u>



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE**

During fiscal year 2010 and a prior fiscal year, the District entered into capitalized leases for copier equipment. These lease agreements met the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$33,100. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2010 totaled \$6,110 paid by the general fund. Accumulated depreciation as of June 30, 2010 was \$3,310 leaving a current book value of \$29,790. The copier equipment leased in a prior fiscal year was disposed of during fiscal year 2010.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2010.

Fiscal Year Ending June 30,	Amount
2011	\$ 6,434
2012	8,578
2013	8,578
2014	8,579
2015	4,289
Total minimum lease payments	36,458
Less: amount representing interest	(3,358)
Total	\$ 33,100

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During fiscal year 2010, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>06/30/09</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/10</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
General obligation bonds - Series 1999	\$ 3,165,000	\$ -	\$ (210,000)	\$ 2,955,000	\$ 235,000
Refunding bonds - Series 2008					
Current interest bonds	2,635,000	-	(25,000)	2,610,000	25,000
Capital appreciation bonds	119,995	-	-	119,995	-
Accreted interest	<u>21,033</u>	<u>18,662</u>	<u>-</u>	<u>39,695</u>	<u>-</u>
Total G.O. Bonds	<u>5,941,028</u>	<u>18,662</u>	<u>(235,000)</u>	<u>5,724,690</u>	<u>260,000</u>
Compensated absences	560,911	98,846	(55,343)	604,414	77,104
Capital lease obligation	<u>6,110</u>	<u>33,100</u>	<u>(6,110)</u>	<u>33,100</u>	<u>5,388</u>
Total	<u>\$ 6,508,049</u>	<u>\$ 150,608</u>	<u>\$ (296,453)</u>	<u>6,362,204</u>	<u>\$ 342,492</u>
Add: Unamortized premium on refunding				234,344	
Less: Unamortized deferred charge on refunding				<u>(150,579)</u>	
Total on statement of net assets				<u>\$ 6,445,969</u>	

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid which, for the District is primarily the general fund, food service fund (a nonmajor governmental fund) and the Title I fund (a nonmajor governmental fund).

Capital Lease Obligation: The capital lease obligation will be paid from the general fund. See Note 9 for details.

General Obligation Bonds Payable - Series 1999: On January 16, 1999, the District issued \$7,263,000 in general obligation bonds. The proceeds of these bonds were used to provide long-term financing of the District's building projects. These bonds bear an annual interest rate of 3.3% to 5.5% and were scheduled to mature in fiscal year 2024. These general obligation bonds were issued to provide funds for the acquisition and construction of equipment and facilities and to pay judgments against the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for on the statement of net assets. A portion of the Series 1999 general obligation bonds was refunded during fiscal year 2008 in the amount of \$2,800,000. The remaining balance of the Series 1999 general obligation bonds matures December 1, 2018. Payments of principal and interest relating to these liabilities are recorded as expenditures in the bond retirement fund.

Series 2008 Refunding General Obligation Bonds: On February 14, 2008, the District issued general obligation bonds (Series 2008 Refunding Bonds) to advance refund the callable portion of the Series 1999 general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets. The balance of the refunded Series 1999 current interest bonds at June 30, 2010, is \$2,800,000.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

The refunding issue is comprised of both current interest bonds, par value \$2,680,000, and capital appreciation bonds par value \$119,995. The interest rates on the current interest bonds range from 3.75% - 4.00%. The capital appreciation bonds mature on December 1, 2019 (approximate initial offering yield at maturity 3.75%) 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, 2019 is \$520,000. Total accreted interest of \$39,695 has been included on the statement of net assets at June 30, 2010.

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, 2023. Payments of principal and interest are recorded as expenditures of the bond retirement fund. The reacquisition price exceeded the net carrying amount of the old debt by \$193,069. 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.

- B.** The following is a summary of the District's future annual debt service requirements to maturity for general obligation debt:

Year Ending June 30,	General Obligation Bonds - Series 1999		
	Principal	Interest	Total
2011	\$ 235,000	\$ 146,252	\$ 381,252
2012	255,000	135,712	390,712
2013	270,000	124,157	394,157
2014	300,000	111,400	411,400
2015	320,000	95,850	415,850
2016 - 2019	<u>1,575,000</u>	<u>183,195</u>	<u>1,758,195</u>
Total	<u>\$ 2,955,000</u>	<u>\$ 796,566</u>	<u>\$ 3,751,566</u>

Year Ending June 30,	Current Interest Refunding Bonds - Series 2008			Capital Appreciation Refunding Bonds - Series 2008		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 25,000	\$ 102,290	\$ 127,290	\$ -	\$ -	\$ -
2012	25,000	101,447	126,447	-	-	-
2013	30,000	100,518	130,518	-	-	-
2014	30,000	99,506	129,506	-	-	-
2015	30,000	98,494	128,494	-	-	-
2016 - 2020	130,000	477,118	607,118	119,995	400,005	520,000
2021 - 2024	<u>2,340,000</u>	<u>194,600</u>	<u>2,534,600</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,610,000</u>	<u>\$ 1,173,973</u>	<u>\$ 3,783,973</u>	<u>\$ 119,995</u>	<u>\$ 400,005</u>	<u>\$ 520,000</u>

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**C. 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, 2010, are a voted debt margin of \$6,613,127 (including available funds of \$453,549) and an unvoted debt margin of \$131,606.

**NOTE 11 - RISK MANAGEMENT**

**A. Property, Fleet, and Liability Insurance**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2010, the District contracted with various insurance companies for property and fleet insurance, liability insurance and inland marine coverage. Coverage provided by these insurance companies is as follows:

<u>Type of Coverage</u>	<u>Liability Limit</u>
Building and contents - replacement cost (\$1,000 deductible) \$33,747,942	
Boiler and machinery (\$1,000 deductible)	33,747,942
Mobile radio, computer, audio visual & music equipment (\$100 deductible)	33,747,942
Automobile liability (\$500 deductible)	1,000,000
Uninsured motorists	1,000,000
General liability:	
Per occurrence	1,000,000
Per year	2,000,000
Umbrella policy	5,000,000

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

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**NOTE 11 - RISK MANAGEMENT - (Continued)**

**B. Medical/Hospitalization, Prescription Drug and Dental Insurance**

The District provides employee medical/hospitalization, prescription drug, and dental benefits through a self-insured program. The District maintains a self-insurance internal service fund to account for and finance this program. The claims liability reported in the internal service fund at June 30, 2010, in the amount of \$176,114, is based on an estimate provided by S&S Healthcare Strategies, Ltd. (the third party administrator) and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims. Change in claims activity for the past two fiscal years is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2010	\$217,791	\$ 1,130,290	\$(1,171,967)	\$ 176,114
2009	177,804	1,153,207	(1,113,220)	217,791

**C. Employee Group Life Insurance**

The District offers group life insurance and accidental death and dismemberment insurance to all employees through American International Group, Inc. The employees share a portion of the cost of the monthly premium with the Board. Regardless of the plan utilized by the employees, all group benefit plans are traditionally funded, and the District does not retain any risk of loss.

**D. Workers' Compensation Plan**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**NOTE 12 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, 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 District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$142,492, \$98,825 and \$93,688, respectively; 44.17 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**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 Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on 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.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**B. State Teachers Retirement System of Ohio (Continued)**

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 2010, 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, 2010, 2009 and 2008 were \$597,509, \$572,540 and \$552,241, respectively; 82.68 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$4,166 made by the District and \$2,976 made by the plan members.

**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, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 13 - 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 2009 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.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**A. School Employees Retirement System (Continued)**

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 2010, 0.46 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 2010, 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, 2010, 2009, and 2008 were \$26,348, \$65,568 and \$62,542, respectively; 44.17 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, 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, 2010, 2009, and 2008 were \$8,474, \$8,154 and \$6,750, respectively; 44.17 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**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.



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

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

**B. State Teachers Retirement System of Ohio (Continued)**

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 2010, 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, 2010, 2009, and 2008 were \$45,962, \$44,042 and \$42,480, respectively; 82.68 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

<b>Net Change in Fund Balance</b>	<u>General fund</u>
Budget basis	\$ (445,539)
Net adjustment for revenue accruals	(50,772)
Net adjustment for expenditure accruals	(52,417)
Net adjustment for other sources/uses	11,525
Adjustment for encumbrances	<u>100,806</u>
GAAP basis	<u>\$ (436,397)</u>

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**NOTE 16 - 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, 2010, the reserve activity was as follows:

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2009	\$ (250,727)	\$ -
Current year set-aside requirement	177,121	177,121
Current year offsets	-	(235,000)
Qualifying disbursements	<u>(170,758)</u>	<u>(13,888)</u>
 Total	 <u>\$ (244,364)</u>	 <u>\$ (71,767)</u>
 Balance carried forward to fiscal year 2011	 <u>\$ (244,364)</u>	 <u>\$ (57,879)</u>

The capital acquisition reserve had debt related offsets that can be carried forward to future years. These extra amounts may be used to reduce set-aside requirements for future years. The excess textbook/instructional materials expenditures may also be carried forward to reduce set-aside requirements for future years.

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases.

A schedule of the restricted assets at June 30, 2010 follows:

Amount restricted for school bus purchases	<u>\$ 51,618</u>
Total restricted assets	<u>\$ 51,618</u>

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through the Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	\$ 15,251	\$ 15,251
Cash Assistance:			
School Breakfast Program	10.553	21,807	21,807
National School Lunch Program	10.555	157,433	157,433
Total Child Nutrition Cluster		<u>179,240</u>	<u>179,240</u>
<b>Total U.S. Department of Agriculture</b>		<b><u>194,491</u></b>	<b><u>194,491</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through the Ohio Department of Education</i>			
Special Education Cluster:			
Special Education - Grants to States	84.027	232,730	229,788
ARRA - Special Education Grants to States, Recovery Act	84.391	180,752	183,362
Total Special Education Cluster		<u>413,482</u>	<u>413,150</u>
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	141,897	120,993
ARRA - Title 1 Grants to Local Educational Agencies, Recovery Act	84.389	70,786	70,786
Total Title I, Part A Cluster		<u>212,683</u>	<u>191,779</u>
State Grants for Innovative Programs	84.298	758	76
Improving Teacher Quality State Grants	84.367	44,837	42,128
Safe and Drug-Free Schools and Communities - State Grants	84.186	5,778	6,000
Educational Technology State Grants	84.318	745	300
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	306,619	306,619
<b>Total U.S. Department of Education</b>		<b><u>984,902</u></b>	<b><u>960,052</u></b>
<b>TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES</b>		<b><u>\$ 1,179,393</u></b>	<b><u>\$ 1,154,543</u></b>

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

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports Wynford 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

Wynford Local School District  
Crawford County  
3288 Holmes Center Road  
Bucyrus, Ohio 44820

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 Wynford Local School District, Crawford County, Ohio, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 18, 2011. 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 opinions 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 18, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

March 18, 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

Wynford Local School District  
Crawford County  
3288 Holmes Center Road  
Bucyrus, Ohio 44820

To the Board of Education:

### Compliance

We have audited the compliance of Wynford Local School District, Crawford 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 Wynford Local School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings and questioned costs 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.

In our opinion, Wynford Local School District, Crawford County, Ohio 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, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and questioned costs lists this instance as Finding 2010-001.

### 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.

*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.

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

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

We also noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated March 18, 2011.

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



**Dave Yost**  
Auditor of State

March 18, 2011



**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

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

**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>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<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>	Unqualified
<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>	CFDA #84.394 – ARRA - State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act  <u>Special Education Cluster</u> CFDA #84.027 – Special Education Grants to States CFDA #84.391 – ARRA – Special Education Grants to States, Recovery Act
<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**

None

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
--

<b>Finding Number</b>	2010-001
<b>CFDA Title and Number</b>	ARRA – Special Education Grants to States, Recovery Act – CFDA #84.391
<b>Federal Award Number / Year</b>	2010
<b>Federal Agency</b>	U.S. Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Questioned Costs – Allowable Costs/Cost Principles – Federal Title VI-B Grant**

2 C.F.R. Part 225, Appendix A, Section C(3)(a) states that a cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received. Further, Section C(1)(a)-(j) lists the factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of 2 C.F.R. Part 225.
- c. Be authorized or not prohibited under State or local laws or regulations.
- d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
- e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
- f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- g. Except as otherwise provided for in 2 C.F.R. Part 225, be determined in accordance with generally accepted accounting principles.
- h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award, except as specifically provided by Federal law or regulation.
- i. Be the net of all applicable credits.
- j. Be adequately documented.

During fiscal year 2010, the District charged the entire cost of a new wireless system and smartboards for use in various classrooms to the federal Title VI-B grant. These purchases totaling \$70,745 benefitted special education students as well as students not participating in the special education program. It is not readily determinable what percentage of these expenditures benefitted those students not participating in the special education program; therefore, total questioned costs are \$70,745 out of the \$413,150 in total federal Title VI-B grant expenditures during fiscal year 2010.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

**Questioned Costs – Allowable Costs/Cost Principles – Federal Title VI-B Grant (Continued)**

We recommend the District takes steps to ensure the allowability of costs charged to the federal Title VI-B grant program.

**Officials' Response and Corrective Action Plan:**

In 2007 the Wynford Local Schools, after much discussion and intensive study, decided to pursue the task of implementing full inclusion for all special education students within the district. The overriding factor in deciding to pursue this course of action is the fact that total inclusion enables a district to be in compliance with the most basic tenant of special education instruction, providing the least restrictive environment for those students with special needs.

Also in 2007, the Wynford special education instructional staff undertook implementing an innovative technological instructional tool, using ipods for the teaching of reading to students with disabilities. Since 2007, ipods (ipodTouch) have incorporated internet network capabilities, greatly expanding the educational opportunities in using ipods. Since implementing this innovative instructional strategy, a growing number of students are requiring to have personal devices with network access in their Individual Education Plan. Much of the software that they use is online so it is imperative to have network access in order to use the material.

With the use of a mobile lab with functional sized laptops, students, particularly students with disabilities, are able to access online materials that can supplement regular classroom instruction. Because of online access, students can save work directly to the network folder and teachers can check the progress of the students and give immediate feedback to the student.

The use of personal software by our physically disabled students has also necessitated the use of wireless internet capabilities. These students now have the ability to connect through the internet using their own personal computers and use adaptive software to allow them the same functional capabilities of their non disabled peers.

Because our buildings are not hard wired to support the devices needed to use these tools, tools that directly impacted the special education population, ARRA funds were used to provide wireless internet access and provide instructional improvements that would not have been possible without such monies.

The purchase of Smartboards was carefully planned to benefit our special education students. Because we have incorporated full inclusion into our special education philosophy, co-teaching became a standard instructional arrangement for our regular classroom teachers and special education staff. Our teachers have received extensive training in co-teaching by the Ohio Department of Education, and in several cases were recognized statewide for their best practice efforts. Those classrooms where co-teaching was practiced were targeted for the installation of Smartboards. An unforeseen positive benefit is that ipods now have the capability to interact with a Smartboard.

**WYNFORD LOCAL SCHOOL DISTRICT  
CRAWFORD COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2010  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
--

**Questioned Costs – Allowable Costs/Cost Principles – Federal Title VI-B Grant (Continued)**

By the fall of 2009 the policy of total inclusion was fully implemented. Thus, in the vast majority of cases, Wynford’s special education students were not relegated to resource rooms, but were fully integrated into regular classrooms, attending classes in all parts of the building. As a result of this policy many positive results were experienced in the special education population:

- improved test scores for disabled students in state administered tests
- a reduction of discipline incidents
- improved attendance
- improved classroom performance

The purpose of this narrative is to provide support of management’s position that the use of ARRA funds by the Wynford Local Schools for the purchase of Smartboards and the installation of wireless connectivity was a legitimate use of these funds, targeted specifically for the educational needs of our disabled student population. Upon being contacted by Ohio Department of Education, Wynford Local School District’s Treasurer and Superintendent will work diligently with that entity to resolve this statement provided by the Ohio Auditor of State’s Office.

**Auditor of State’s Analysis:**

While the purchase of smartboards and a wireless system are not deemed to be unallowable activities for the Title VI-B grant, the District charged 100% of these expenditures to the Title VI-B program rather than formulating a basis to allocate between federal and non-federal funds. These purchases benefitted special education students as well the remaining student population and without a basis for such allocation, the entire amount is being reported as questioned costs.



# Dave Yost • Auditor of State

WYNFORD LOCAL SCHOOL DISTRICT

CRAWFORD 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  
APRIL 12, 2011