

WOOSTER CITY SCHOOL DISTRICT

WAYNE COUNTY

Audit Report

For the Year Ended June 30, 2012

CHARLES E. HARRIS & ASSOCIATES, INC.
Certified Public Accountants and Government Consultants

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY
AUDIT REPORT
For the Year Ending June 30, 2012**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Wooster City School District
Wayne County
144 North Market Street
Wooster, OH 44691

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, Ohio, (the District), as of and for the year ended June 30, 2012, 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 that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, Ohio, as of June 30, 2012, 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 November 26, 2012, on our consideration of the District's internal control over financial reporting and on 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 schedule of federal awards expenditures provides additional information as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of federal award expenditures 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, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Charles Harris Associates

Charles E. Harris & Associates, Inc.

November 26, 2012

Wooster City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

The discussion and analysis of the Wooster City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- Net assets increased \$6.2 million, which represents a 17.5 percent increase from 2011. Net assets in the governmental activities increased \$6.3 million and business-type activities decreased \$.1 million from fiscal year 2011.
- Capital assets in the governmental activities decreased \$1.0 million during fiscal year 2012 and capital assets in the business-type activities decreased less than \$53,000 from fiscal year 2011.
- During the year, outstanding debt and related charges in the governmental activities decreased from \$20.2 million to \$18.0 million due to principal payments made by the School District.

Using this Annual Report

This annual report consists of the MD&A, the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2012?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Wooster City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

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

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities** - Most of the School District's programs and services are reported here, including instruction, support services, operation of non-instructional services and extracurricular activities.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District food service, uniform supplies, recreation center and costs for outside entities are reported as business activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the debt service fund.

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

Wooster City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the debt service fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The governmental fund financial statements begin on page 16.

Proprietary Funds - The School District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses enterprise funds to account for its food service, uniform school supplies, recreation center and costs for outside services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its drug and health benefit program. Because this service predominantly benefits governmental rather than business-type functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 21.

Fiduciary Funds - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used to proprietary funds. The fiduciary fund financial statements begin on page 24.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 27.

The School District as a Whole

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

Wooster City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Table 1 provides a summary of the School District's net assets for 2012 compared to 2011:

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and Other Assets	\$ 56,244,113	\$ 53,715,842	\$ 1,297,079	\$ 1,375,246	\$ 57,541,192	\$ 55,091,088
Capital Assets	<u>34,504,229</u>	<u>35,510,880</u>	<u>1,648,368</u>	<u>1,700,975</u>	<u>36,152,597</u>	<u>37,211,855</u>
Total Assets	90,748,342	89,226,722	2,945,447	3,076,221	93,693,789	92,302,943
Liabilities						
Long-Term Liabilities	22,761,283	25,248,719	357,244	442,228	23,118,527	25,690,947
Other Liabilities	<u>28,163,069</u>	<u>30,501,336</u>	<u>459,086</u>	<u>390,962</u>	<u>28,622,155</u>	<u>30,892,298</u>
Total Liabilities	50,924,352	55,750,055	816,330	833,190	51,740,682	56,583,245
Net Assets						
Invested in Capital						
Assets Net of Debt	21,384,394	21,536,231	1,648,368	1,700,975	23,032,762	23,237,206
Restricted	4,122,388	3,569,657	0	0	4,122,388	3,569,657
Unrestricted	<u>14,317,208</u>	<u>8,370,779</u>	<u>480,749</u>	<u>542,056</u>	<u>14,797,957</u>	<u>8,912,835</u>
Total Net Assets	<u>\$ 39,823,990</u>	<u>\$ 33,476,667</u>	<u>\$ 2,129,117</u>	<u>\$ 2,243,031</u>	<u>\$ 41,953,107</u>	<u>\$ 35,719,698</u>

At year end, capital assets represented 38.0 percent of total assets of the governmental activities. Capital assets include, land, land improvements, buildings and improvements, furniture and equipment, vehicles, textbooks and an ice arena. Capital assets, net of related debt were \$21.4 million at June 30, 2012. These capital assets are used to provide services to students and are not available for future spending. Although the School 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 School District's net assets, \$4.1 million or 10.4 percent, represents resources that are subject to external restrictions on how they may be used. The balance of governmental activities unrestricted net assets of \$14.3 million may be used to meet the government's ongoing obligations to students and creditors.

Current and other assets increased \$2.5 million from fiscal year 2011. Cash increased nearly \$5 million over fiscal year 2011, partially due to a \$1.8 million advance on property taxes received just prior to year end. In addition, cost saving measures were implemented in the general fund in anticipation of closing two elementary buildings at year end. This was offset by a \$2.3 million decrease in property taxes receivable due to a decrease in delinquent taxes receivable and the tax advance received. Current liabilities decreased \$2.3 million from fiscal year 2011 due to the decrease in deferred tax revenue receivable. Long term liabilities showed a decrease of \$2.5 million from fiscal year 2011 through principal payments on long term obligations.

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(Unaudited)

Total net assets in the business-type activities decreased \$.1 million. Total assets decreased \$.1 million and liabilities increased less than \$17,000. Capital assets decreased nearly \$53,000 due to depreciation expense but no other individually significant item accounts for the changes in assets or liabilities.

Table 2 shows the changes in net assets for fiscal year 2012 and 2011.

Table 2
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
<i>Program Revenues:</i>						
Charges for Services	\$ 1,151,358	\$ 1,210,609	\$ 2,288,558	\$ 3,168,473	\$ 3,439,916	\$ 4,379,082
Operating Grants	3,148,830	3,446,461	1,333,171	1,176,152	4,482,001	4,622,613
<i>Total Program Revenues</i>	<u>4,300,188</u>	<u>4,657,070</u>	<u>3,621,729</u>	<u>4,344,625</u>	<u>7,921,917</u>	<u>9,001,695</u>
<i>General Revenues:</i>						
Property Taxes	29,627,466	25,897,892	0	0	29,627,466	25,897,892
Grants and Entitlements Not Restricted	16,750,513	17,833,292	0	0	16,750,513	17,833,292
Other	138,021	200,684	323	1,521	138,344	202,205
<i>Total General Revenues</i>	<u>46,516,000</u>	<u>43,931,868</u>	<u>323</u>	<u>1,521</u>	<u>46,516,323</u>	<u>43,933,389</u>
<i>Total Revenues</i>	<u>50,816,188</u>	<u>48,588,938</u>	<u>3,622,052</u>	<u>4,346,146</u>	<u>54,438,240</u>	<u>52,935,084</u>
Program Expenses						
<i>Instruction:</i>						
Regular	18,821,787	18,662,304	0	0	18,821,787	18,662,304
Special	4,866,007	5,684,152	0	0	4,866,007	5,684,152
Vocational	411,365	397,441	0	0	411,365	397,441
Student Intervention Services	75,527	138,004	0	0	75,527	138,004
Other	2,487,990	2,354,936	0	0	2,487,990	2,354,936
<i>Support Services:</i>						
Pupils	2,143,392	2,086,637	0	0	2,143,392	2,086,637
Instructional Staff	2,114,120	2,173,541	0	0	2,114,120	2,173,541
Board of Education	114,881	51,587	0	0	114,881	51,587
Administration	2,902,550	2,877,226	0	0	2,902,550	2,877,226
Fiscal	933,305	972,329	0	0	933,305	972,329
Business	307,665	221,316	0	0	307,665	221,316
Operation and Maintenance of Plant	4,602,569	4,710,760	0	0	4,602,569	4,710,760
Pupil Transportation	1,736,634	1,707,292	0	0	1,736,634	1,707,292
Central	549,611	711,178	0	0	549,611	711,178
Operation of Non-Instructional Services	631,421	412,310	0	0	631,421	412,310
Extracurricular Activities	625,223	684,525	0	0	625,223	684,525
<i>Depreciation Expense Not Included</i>						
in Other Functions	90,356	90,356	0	0	90,356	90,356
Interest and Fiscal Charges	1,054,462	1,199,937	0	0	1,054,462	1,199,937
Enterprise Funds	0	0	3,735,966	4,013,910	3,735,966	4,013,910
<i>Total Expenses</i>	<u>44,468,865</u>	<u>45,135,831</u>	<u>3,735,966</u>	<u>4,013,910</u>	<u>48,204,831</u>	<u>49,149,741</u>
<i>Increase (Decrease) in Net Assets</i>	6,347,323	3,453,107	(113,914)	332,236	6,233,409	3,785,343
<i>Net Assets at Beginning of Year</i>	<u>33,476,667</u>	<u>30,023,560</u>	<u>2,243,031</u>	<u>1,910,795</u>	<u>35,719,698</u>	<u>31,934,355</u>
<i>Net Assets at End of Year</i>	<u>\$ 39,823,990</u>	<u>\$ 33,476,667</u>	<u>\$ 2,129,117</u>	<u>\$ 2,243,031</u>	<u>\$ 41,953,107</u>	<u>\$ 35,719,698</u>

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

Property tax revenue increased \$3.7 million over fiscal year 2011 from the passage of the levy in August 2010. Grant revenues for certain federal programs decreased from fiscal year 2011 accounting for the \$.3 million decrease in operating grants and the State Fiscal Stabilization program, which expired in fiscal year 2011, contributed to the decrease in unrestricted grants of \$1.1 million. Program expenses decreased \$.7 million mainly in the instruction area. Special instruction showed a decrease of \$.8 million from fiscal year 2011 due to the decrease in federal grant revenue.

The business-type activities showed a decrease of \$.9 million in charges for service while expenses decreased \$.3 million from fiscal year 2011. Tuition revenues for special programs outside the school district decreased from fiscal year 2011 and, as a result, expenses for the same programs showed a decrease.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2012	2011	2012	2011
Instruction:				
Regular	\$ 18,821,787	\$ 18,662,304	\$ 17,621,542	\$ 17,609,840
Special	4,866,007	5,684,152	3,340,072	3,787,486
Vocational	411,365	397,441	411,365	397,441
Student Intervention Services	75,527	138,004	1,754	(9,032)
Other	2,487,990	2,354,936	2,487,990	2,354,936
Support Services:				
Pupils	2,143,392	2,086,637	2,008,692	1,975,467
Instructional Staff	2,114,120	2,173,541	1,697,996	1,624,362
Board of Education	114,881	51,587	114,881	51,587
Administration	2,902,550	2,877,226	2,901,875	2,800,591
Fiscal	933,305	972,329	893,738	924,526
Business	307,665	221,316	307,665	221,316
Operation and Maintenance of Plant	4,602,569	4,710,760	4,553,954	4,703,378
Pupil Transportation	1,736,634	1,707,292	1,699,023	1,653,851
Central	549,611	711,178	533,411	683,719
Operation of Non-Instructional Services	631,421	412,310	236,547	181,881
Extracurricular Activities	625,223	684,525	218,674	233,439
Depreciation Expense Not Included in Other Functions	90,356	90,356	90,356	90,356
Interest and Fiscal Charges	1,054,462	1,199,937	1,049,142	1,193,617
<i>Total Expenses</i>	<u>\$ 44,468,865</u>	<u>\$ 45,135,831</u>	<u>\$ 40,168,677</u>	<u>\$ 40,478,761</u>

Wooster City School District
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(Unaudited)

The dependence upon general revenues for governmental activities is apparent. Over 90 percent of governmental activities are supported through taxes and other general revenues; such revenues are 92 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

State and Federal grant money helps offset expenses for certain programs. Revenues in some of the federal grants were less than in fiscal year 2011 which contributed to the increase in net cost of special instruction and instructional support expenses.

Business-Type Activities

Business-type activities include the recreation center, the food service operations, the sale of uniform school supplies and education costs for outside entities. There were program revenues of \$3.6 million and expenses of \$3.7 million for fiscal year 2012. Business activities receive no support from tax revenues.

Financial Analysis of the Government's Funds

Governmental Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$51.6 million and expenditures of \$45.6 million for fiscal year 2012. The net change in fund balances for the fiscal year was an increase of \$5.9 million for all governmental funds with the most significant increase in the general fund.

The general fund's net change in fund balance for fiscal year 2012 was an increase of \$5.2 million. A \$3.6 million increase in tax revenue offset by a \$.7 million decrease in tax loss reimbursement accounts for most of the \$3.1 million increase in revenues over fiscal year 2011. Expenditures in fiscal year 2012 increased \$1.6 million over the prior year partially due to general fund paying some expenses paid by the State Fiscal Stabilization grant that expired in fiscal year 2011.

The fund balance of the debt service fund increased by \$.2 million from fiscal year 2011 mainly due to the increase in taxes.

General Fund Budgeting Highlights

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

During the course of fiscal year 2012, the School District did amend its general fund budget a few times. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, actual budget basis revenue was higher than the final budget basis revenue by \$1.6 million. Most of this difference is an underestimation of tax revenue due to the \$1.5 million tax advance received on June 30, 2012.

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(Unaudited)

Final appropriations of \$40.5 million were \$.7 million higher than the actual expenditures of \$39.9 million, as cost savings were recognized throughout the year. There is no individually significant line item accounting for the difference.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2012, the School District had \$36.2 million invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and an ice arena. A total of \$34.5 million of this was for governmental activities with the remainder attributable to business-type activities. Table 4 shows fiscal year 2012 balances compared with 2011.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 2,676,543	\$ 2,676,543	\$ 0	\$ 0	\$ 2,676,543	\$ 2,676,543
Land Improvements	220,376	315,747	0	0	220,376	315,747
Buildings and Improvements	26,849,250	27,748,538	1,639,545	1,690,253	28,488,795	29,438,791
Furniture and Equipment	329,017	322,444	8,823	10,722	337,840	333,166
Vehicles	905,150	833,359	0	0	905,150	833,359
Ice Arena	3,523,893	3,614,249	0	0	3,523,893	3,614,249
Totals	\$ 34,504,229	\$ 35,510,880	\$ 1,648,368	\$ 1,700,975	\$ 36,152,597	\$ 37,211,855

The decrease of \$1.1 million in total capital assets was attributable to depreciation exceeding acquisitions. Additional details of the capital assets can be found in Note 8 to the basic financial statements.

Debt

At June 30, 2012 the School District had \$16.7 million in bonds and related charges outstanding and \$1.3 million in notes payable with \$2.7 million due within one year. During fiscal year 2012, \$2.5 million of general obligation bonds and \$.2 million of the energy conservation note was retired. Table 5 summarizes bonds outstanding.

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(Unaudited)

Table 5
Outstanding Debt and Related Charges at Year End

	Governmental Activities	
	2012	2011
<i>Note Payable:</i>		
2009 Energy Conservation Notes	\$ 1,289,000	\$ 1,451,000
<i>General Obligation Bonds:</i>		
2004 Bond Refunding	1,505,002	1,505,002
Capital Appreciation Bonds	112,233	234,998
Accretion on Capital Appreciation Bonds	107,680	185,965
1997 Bond Refunding	430,000	430,000
Capital Appreciation Bonds	1,317,599	2,049,648
Accretion on Capital Appreciation Bonds	3,024,213	4,171,122
2007 Bond Refunding	7,800,000	7,800,000
Capital Appreciation Bonds	1,955,000	1,955,000
Accretion on Capital Appreciation Bonds	414,355	318,993
Premium on Debt Issuance	131,249	153,123
Loss on Refunding	(53,210)	(62,078)
Totals	<u>\$ 18,033,121</u>	<u>\$ 20,192,773</u>

In 1997, the School District issued \$25 million in refunded general obligation bonds. These include current interest bonds which mature December 2017, and capital appreciation bonds which mature December 2013 and December 2014.

In 2004, the School District issued \$3 million in refunded general obligation bonds. These include current interest bonds which mature in December 2018 and capital appreciation bonds which mature in December 2012.

In September 2007, the School District issued \$9.8 million in refunding bonds. These include current interest bonds which mature in December 2016 and capital appreciation bonds which mature in December 2017. The proceeds were used to refund a portion of the 1997 general obligation bonds.

In 2009, the School District issued \$1.8 million in energy conservation notes which mature in December 2018.

More information about the long-term obligations is in Note 13 to the basic financial statements.

Current Issues

The Wooster City School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. In the past, the Board of Education has typically experienced the need to return to the voters for additional millage every four (4) years.

In addition to raising revenue, the Board of Education has also implemented significant budget reduction measures, including a \$2.4 million budget reduction in 1999 and a \$3.5 million budget reduction in 2004. The

Wooster City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012
(Unaudited)

vast majority of these budget reductions, including the closure of Layton Elementary School, have never been restored.

As the School District marked six (6) years since passage of its last levy, the need to return to the ballot was decided to occur in 2010. A failed levy attempt in May 2010 was followed by a successful second attempt in August 2010 with the passage of a 6.5 mill continuing levy expected to generate approximately \$ 4 million annually.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills, and the owner would still pay \$35.00.

Thus, School District's dependency upon property taxes is hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 58% of revenues for governmental activities for the Wooster City Schools in fiscal year 2012.

The School District has been affected by changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. During the summer of 2005, the Ohio legislature approved Ohio House Bill 66, which includes the phased-out elimination of the tangible personal property tax. This affects taxes on all business tangible property and public utility property (telephone companies and railroads) – roughly 20% of the School District's general fund revenues. While this discontinued revenue will be partially reimbursed by the State of Ohio through FY2013, there is much uncertainty regarding future commitment of the state legislature to continue these payments to schools. Should this funding source be permanently discontinued, the loss of this revenue would create a funding gap of approximately \$7 million to the School District's General Fund.

The Wooster City School District does not anticipate any meaningful growth in State revenue. The State Legislature's biennial budget was approved and became effective on July 1, 2011. Due to revenue shortfalls at the state level, the School District will experience revenue losses during the span of this biennium budget related to the discontinuation of State utilized federal stimulus dollars to maintain funding to Ohio schools, and the loss of tangible personal property tax reimbursement. These revenue losses are estimated to occur at a rate of about \$1 million in additional reduction in each year of the biennium. As a result, the School District is taking steps to reduce budget by an equal amount in each of these years.

As the District enters fiscal year 2013, a facility reorganization plan will be implemented that will effectively close two elementary school buildings. Should the next biennium budget result in further funding cuts, administration will need to work carefully to plan educational programming within available resources.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer/CFO of Wooster City School District, 144 N. Market Street, Wooster, Ohio, 44691.

Wooster City School District
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 29,232,319	\$ 310,793	\$ 29,543,112
Receivables:			
Taxes	25,995,759	0	25,995,759
Accounts	10,499	0	10,499
Internal Balances	165,000	(165,000)	0
Interest	32,913	0	32,913
Intergovernmental	729,585	1,117,823	1,847,408
Inventory Held For Resale	0	33,463	33,463
Bond Issuance Costs	78,038	0	78,038
Nondepreciable Capital Assets	2,676,543	0	2,676,543
Depreciable Capital Assets (Net)	31,827,686	1,648,368	33,476,054
<i>Total Assets</i>	<u>90,748,342</u>	<u>2,945,447</u>	<u>93,693,789</u>
Liabilities			
Accounts Payable	419,464	38,931	458,395
Accrued Wages and Benefits	3,198,282	236,309	3,434,591
Matured Compensated Absences	76,005	89,030	165,035
Intergovernmental Payable	1,409,246	94,816	1,504,062
Deferred Revenue	22,669,851	0	22,669,851
Accrued Interest Payable	34,449	0	34,449
Claims Payable	355,772	0	355,772
Long Term Liabilities:			
Due Within One Year	3,324,559	39,372	3,363,931
Due in More Than One Year	19,436,724	317,872	19,754,596
<i>Total Liabilities</i>	<u>50,924,352</u>	<u>816,330</u>	<u>51,740,682</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	21,384,394	1,648,368	23,032,762
Restricted for:			
Capital Projects	902,234	0	902,234
Debt Service	2,329,781	0	2,329,781
Other Purposes	890,373	0	890,373
Unrestricted	14,317,208	480,749	14,797,957
<i>Total Net Assets</i>	<u>\$ 39,823,990</u>	<u>\$ 2,129,117</u>	<u>\$ 41,953,107</u>

See accompanying notes to the basic financial statements.

Wooster City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2012

	Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions
Governmental Activities			
Instruction:			
Regular	\$ 18,821,787	\$ 747,814	\$ 452,431
Special	4,866,007	0	1,525,935
Vocational	411,365	0	0
Student Intervention Services	75,527	0	73,773
Other	2,487,990	0	0
Support Services:			
Pupils	2,143,392	0	134,700
Instructional Staff	2,114,120	5,164	410,960
Board of Education	114,881	0	0
Administration	2,902,550	0	675
Fiscal	933,305	0	39,567
Business	307,665	0	0
Operation and Maintenance of Plant	4,602,569	0	48,615
Pupil Transportation	1,736,634	0	37,611
Central	549,611	0	16,200
Operation of Non-Instructional Services	631,421	0	394,874
Extracurricular Activities	625,223	398,380	8,169
Depreciation Expense not Included in Other Functions (See Note 8)	90,356	0	0
Interest and Fiscal Charges	1,054,462	0	5,320
<i>Total Governmental Activities</i>	<u>44,468,865</u>	<u>1,151,358</u>	<u>3,148,830</u>
Business-Type Activities			
Food Service	1,654,664	542,778	1,126,046
Uniform School Supplies	68	839	68
Education Costs for Outside Entities	1,854,756	1,591,697	206,446
Recreation Center	226,478	153,244	611
<i>Total Business-Type Activities</i>	<u>3,735,966</u>	<u>2,288,558</u>	<u>1,333,171</u>
<i>Totals</i>	<u>\$ 48,204,831</u>	<u>\$ 3,439,916</u>	<u>\$ 4,482,001</u>

General Revenues

Property Taxes Levied for:

 General Purposes

 Debt Service

 Capital Outlay

Grants and Entitlements not Restricted
to Specific Programs

Investment Earnings

Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (17,621,542)	\$ 0	\$ (17,621,542)
(3,340,072)	0	(3,340,072)
(411,365)	0	(411,365)
(1,754)	0	(1,754)
(2,487,990)	0	(2,487,990)
(2,008,692)	0	(2,008,692)
(1,697,996)	0	(1,697,996)
(114,881)	0	(114,881)
(2,901,875)	0	(2,901,875)
(893,738)	0	(893,738)
(307,665)	0	(307,665)
(4,553,954)	0	(4,553,954)
(1,699,023)	0	(1,699,023)
(533,411)	0	(533,411)
(236,547)	0	(236,547)
(218,674)	0	(218,674)
(90,356)	0	(90,356)
(1,049,142)	0	(1,049,142)
(40,168,677)	0	(40,168,677)
0	14,160	14,160
0	839	839
0	(56,613)	(56,613)
0	(72,623)	(72,623)
0	(114,237)	(114,237)
(40,168,677)	(114,237)	(40,282,914)
26,449,583	0	26,449,583
2,697,091	0	2,697,091
480,792	0	480,792
16,750,513	0	16,750,513
93,985	0	93,985
44,036	323	44,359
46,516,000	323	46,516,323
6,347,323	(113,914)	6,233,409
33,476,667	2,243,031	35,719,698
\$ 39,823,990	\$ 2,129,117	\$ 41,953,107

See accompanying notes to the basic financial statements.

Wooster City School District

Balance Sheet

Governmental Funds

June 30, 2012

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 24,508,692	\$ 2,013,205	\$ 1,396,286	\$ 27,918,183
Receivables:				
Intergovernmental	133,661	0	595,924	729,585
Property Taxes	23,124,703	2,450,605	420,451	25,995,759
Accounts	10,499	0	0	10,499
Interfund	320,495	0	0	320,495
Interest	32,913	0	0	32,913
<i>Total Assets</i>	<u>\$ 48,130,963</u>	<u>\$ 4,463,810</u>	<u>\$ 2,412,661</u>	<u>\$ 55,007,434</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	341,573	\$ 0	\$ 77,891	\$ 419,464
Accrued Wages and Benefits	3,035,634	0	162,648	3,198,282
Intergovernmental Payable	1,358,852	0	50,394	1,409,246
Matured Compensated Absences	76,005	0	0	76,005
Interfund Payable	0	0	26,995	26,995
Deferred Revenue	20,824,958	2,200,548	779,878	23,805,384
<i>Total Liabilities</i>	25,637,022	2,200,548	1,097,806	28,935,376
Fund Balances				
Restricted	0	2,263,262	1,314,855	3,578,117
Assigned	747,910	0	0	747,910
Unassigned	21,746,031	0	0	21,746,031
<i>Total Fund Balances</i>	<u>22,493,941</u>	<u>2,263,262</u>	<u>1,314,855</u>	<u>26,072,058</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 48,130,963</u>	<u>\$ 4,463,810</u>	<u>\$ 2,412,661</u>	<u>\$ 55,007,434</u>

See accompanying notes to the basic financial statements.

Wooster City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2012*

Total Governmental Fund Balances		\$ 26,072,058
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		34,504,229
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 402,195	
Excess Costs	34,492	
Delinquent Property Taxes	698,846	1,135,533
Bond issuance costs reported as an expenditure in the funds are allocated as an expense over the life of the debt on an accrual basis.		78,038
An internal service fund 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 in the statement of net assets.		829,864
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
General Obligation Bonds	9,735,002	
Notes Payable	1,289,000	
Capital Appreciation Bonds	6,931,080	
Bond Premiums	131,249	
Loss on Refunding	(53,210)	
Compensated Absences	4,728,162	
Accrued Interest	34,449	(22,795,732)
Net Assets of Governmental Activities		\$ 39,823,990

See accompanying notes to the basic financial statements.

Wooster City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Local Taxes	\$ 27,058,977	\$ 2,745,214	\$ 491,749	\$ 30,295,940
Intergovernmental	16,206,730	428,465	3,219,252	19,854,447
Investment Income	94,326	5,320	4,932	104,578
Tuition and Fees	835,660	0	12,955	848,615
Extracurricular Activities	142,750	0	135,249	277,999
Rentals	78,848	0	0	78,848
Gifts and Donations	0	0	73,408	73,408
Miscellaneous	33,556	0	550	34,106
<i>Total Revenues</i>	44,450,847	3,178,999	3,938,095	51,567,941
Expenditures:				
Current:				
Instruction:				
Regular	17,472,115	0	452,381	17,924,496
Special	3,626,363	0	1,372,046	4,998,409
Vocational	402,348	0	0	402,348
Student Intervention Services	3,857	0	71,670	75,527
Other	2,487,990	0	0	2,487,990
Support Services:				
Pupils	1,997,739	0	127,648	2,125,387
Instructional Staff	1,761,891	0	340,962	2,102,853
Board of Education	114,881	0	0	114,881
Administration	2,895,871	0	332	2,896,203
Fiscal	890,430	0	45,676	936,106
Business	298,368	0	0	298,368
Operation and Maintenance of Plant	4,204,011	0	215,635	4,419,646
Pupil Transportation	1,638,771	0	149,373	1,788,144
Central	449,562	0	91,966	541,528
Operation of Non-Instructional Services	287,280	0	340,863	628,143
Extracurricular Activities	463,575	0	115,884	579,459
Capital Outlay	0	0	102,949	102,949
Debt Service:				
Principal Retirement	0	1,016,814	0	1,016,814
Interest and Fiscal Charges	0	2,184,709	0	2,184,709
<i>Total Expenditures</i>	38,995,052	3,201,523	3,427,385	45,623,960
<i>Excess of Revenues Over (Under) Expenditures</i>	5,455,795	(22,524)	510,710	5,943,981
Other Financing Sources (Uses):				
Proceeds From Sale of Capital Assets	922	0	0	922
Transfers In	0	205,500	75,000	280,500
Transfers Out	(280,500)	0	0	(280,500)
<i>Total Financing Sources and (Uses)</i>	(279,578)	205,500	75,000	922
<i>Net Change in Fund Balance</i>	5,176,217	182,976	585,710	5,944,903
<i>Fund Balance (Deficit) at Beginning of Year</i>	17,317,724	2,080,286	729,145	20,127,155
<i>Fund Balance (Deficit) at End of Year</i>	\$ 22,493,941	\$ 2,263,262	\$ 1,314,855	\$ 26,072,058

See accompanying notes to the basic financial statements.

Wooster City School District
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2012

Net Change in Fund Balances - Total Governmental Funds	\$	5,944,903
<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 cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 332,616	
Current Year Depreciation	<u>(1,334,198)</u>	(1,001,582)
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.		
		(5,069)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(668,474)	
Charges for Services	(53,206)	
Intergovernmental	<u>(30,073)</u>	(751,753)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
General Obligation Bond Principal	162,000	
Capital Appreciation Bond Principal	854,814	
Accreted Interest on Matured Capital Appreciation Bonds	<u>1,690,187</u>	2,707,001
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and bond issuance costs and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	415	
Amortization of Issuance Costs	(13,006)	
Amortization of Premium on Bonds	21,874	
Amortization of Refunding Loss	<u>(8,868)</u>	415
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(314,021)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		327,784
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds.		
		<u>(560,355)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>6,347,323</u></u>

See accompanying notes to the basic financial statements.

Wooster City School District
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual*
 General Fund
 For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property and Other Local Taxes	\$ 23,343,000	\$ 25,047,112	\$ 26,640,737	\$ 1,593,625
Intergovernmental	11,305,745	16,175,745	16,176,643	898
Investment Income	50,000	100,000	106,090	6,090
Tuition and Fees	745,000	832,000	832,938	938
Extracurricular Activities	90,000	98,000	115,450	17,450
Rentals	75,000	77,800	77,848	48
Miscellaneous	85,354	80,146	80,579	433
<i>Total Revenues</i>	<u>35,694,099</u>	<u>42,410,803</u>	<u>44,030,285</u>	<u>1,619,482</u>
Expenditures:				
Current				
Instruction:				
Regular	17,920,511	17,951,793	17,913,657	38,136
Special	3,767,447	3,704,216	3,680,340	23,876
Vocational	400,144	408,053	407,596	457
Student Intervention Services	17,070	4,240	3,880	360
Other	2,528,450	2,510,410	2,385,210	125,200
Support Services:				
Pupils	2,074,552	2,009,445	2,005,624	3,821
Instructional Staff	1,623,466	1,786,190	1,763,092	23,098
Board of Education	120,900	129,535	126,854	2,681
Administration	2,857,232	2,959,309	2,909,767	49,542
Fiscal	943,318	956,748	949,874	6,874
Business	371,223	375,772	375,591	181
Operation and Maintenance of Plant	4,780,815	4,521,718	4,383,961	137,757
Pupil Transportation	1,805,933	1,879,167	1,774,686	104,481
Central	557,540	562,775	456,103	106,672
Operation of Non-Instructional Services	299,637	316,482	288,762	27,720
Extracurricular	446,865	467,251	460,910	6,341
<i>Total Expenditures</i>	<u>40,515,103</u>	<u>40,543,104</u>	<u>39,885,907</u>	<u>657,197</u>
Excess of Revenues Over (Under) Expenditures	(4,821,004)	1,867,699	4,144,378	2,276,679
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	0	26,958	922	(26,036)
Other Financing Uses	(100,000)	(72,000)	0	72,000
Advances In	423,825	423,825	423,825	0
Advances Out	(498,000)	(498,000)	(320,495)	177,505
Transfers Out	(280,500)	(280,500)	(280,500)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(454,675)</u>	<u>(399,717)</u>	<u>(176,248)</u>	<u>223,469</u>
<i>Net Change in Fund Balance</i>	(5,275,679)	1,467,982	3,968,130	2,500,148
<i>Fund Balance (Deficit) at Beginning of Year</i>	18,629,173	18,629,173	18,629,173	0
Prior Year Encumbrances Appropriated	828,759	828,759	828,759	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 14,182,253</u>	<u>\$ 20,925,914</u>	<u>\$ 23,426,062</u>	<u>\$ 2,500,148</u>

See accompanying notes to the basic financial statements.

Wooster City School District
Statement of Fund Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$ 310,793	\$ 1,314,136
Accounts Receivable	0	297,720
Intergovernmental Receivable	1,117,823	0
Inventory Held For Resale	33,463	0
<i>Total Current Assets</i>	1,462,079	1,611,856
Non Current Assets:		
Depreciable Capital Assets (Net)	1,648,368	0
<i>Total Assets</i>	3,110,447	1,611,856
Liabilities		
Current Liabilities:		
Accounts Payable	38,931	0
Accrued Wages and Benefits	236,309	0
Interfund Payable	165,000	128,500
Intergovernmental Payable	94,816	0
Matured Compensated Absences	89,030	0
Unearned Revenue	0	297,720
Compensated Absences Payable	39,372	0
Claims Payable	0	355,772
<i>Total Current Liabilities</i>	663,458	781,992
Long Term Liabilities:		
Compensated Absences, Net of Current Portion	317,872	0
<i>Total Liabilities</i>	981,330	781,992
Net Assets		
Invested in Capital Assets	1,648,368	0
Unrestricted	480,749	829,864
<i>Total Net Assets</i>	\$ 2,129,117	\$ 829,864

See accompanying notes to the basic financial statements.

Wooster City School District
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Operating Revenues:		
Tuition	\$ 1,591,697	\$ 0
Sales	696,861	0
Charges for Services	0	6,130,479
Other Operating Revenues	323	0
<i>Total Operating Revenues</i>	<u>2,288,881</u>	<u>6,130,479</u>
Operating Expenses:		
Salaries	1,663,836	0
Fringe Benefits	713,369	0
Purchased Services	1,133,631	870,505
Materials and Supplies	172,523	0
Claims	0	5,580,151
Depreciation	52,607	0
<i>Total Operating Expenses</i>	<u>3,735,966</u>	<u>6,450,656</u>
Operating Income (Loss)	<u>(1,447,085)</u>	<u>(320,177)</u>
Non-Operating Revenues (Expenses):		
Federal Donated Commodities	83,818	0
Grants	1,248,304	0
Interest	1,049	6,156
<i>Total Non-Operating Revenues (Expenses)</i>	<u>1,333,171</u>	<u>6,156</u>
<i>Change in Net Assets</i>	(113,914)	(314,021)
<i>Net Assets (Deficit) Beginning of Year</i>	<u>2,243,031</u>	<u>1,143,885</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$ 2,129,117</u>	<u>\$ 829,864</u>

See accompanying notes to the basic financial statements.

Wooster City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2012

	Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Cash Flows From Operating Activities:		
Cash Received from Customers	\$ 2,499,222	\$ 6,130,479
Other Cash Receipts	323	0
Cash Paid for Goods and Services	(1,211,996)	(870,505)
Cash Paid to Employees	(2,404,309)	0
Cash Paid for Claims	0	(5,805,587)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(1,116,760)</u>	<u>(545,613)</u>
Cash Flows From Non-Capital Financing Activities:		
Advances to Other Funds	(355,000)	(1,400)
Advances from Other Funds	165,000	128,500
Grants	1,248,304	0
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	<u>1,058,304</u>	<u>127,100</u>
Cash Flows From Investing Activities:		
Interest on Investments	1,049	6,156
<i>Net Cash Provided By (Used For) Investing Activities</i>	<u>1,049</u>	<u>6,156</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(57,407)	(412,357)
<i>Cash and Cash Equivalents at Beginning of Year</i>	368,200	1,726,493
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$ 310,793</u>	<u>\$ 1,314,136</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:		
Operating Income (Loss)	\$ (1,447,085)	\$ (320,177)
Adjustments:		
Depreciation	52,607	0
Federal Donated Commodities	83,818	0
(Increase) Decrease Assets		
Accounts Receivable	58,391	4,432
Intergovernmental Receivable	152,273	0
Inventory	96	0
Increase (Decrease) in Liabilities		
Accounts Payable	20,570	0
Accrued Wages and Benefits	(31,150)	0
Matured Compensated Absences Payable	89,030	0
Compensated Absences Payable	(84,984)	0
Intergovernmental Payable	(10,326)	0
Deferred Revenue	0	(4,432)
Claims Payable	0	(225,436)
<i>Total Adjustments</i>	<u>330,325</u>	<u>(225,436)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (1,116,760)</u>	<u>\$ (545,613)</u>

Noncash items:
The Food Service Fund received \$83,818 in Federally donated commodities.

See accompanying notes to the basic financial statements.

Wooster City School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2012

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 721	\$ 149,718
Liabilities		
Due to Students	0	\$ 149,718
Net Assets		
Held in Trust for Scholarships	\$ 721	

See accompanying notes to the basic financial statements.

Wooster City School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2012

	Private Purpose Trust
	Scholarship
Additions	
Donations	\$ 1,592
Deductions	
Payments in Accordance with Trust Agreements	1,603
<i>Change in Net Assets</i>	(11)
<i>Net Assets Beginning of Year</i>	732
<i>Net Assets End of Year</i>	\$ 721

See accompanying notes to the basic financial statements.

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Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 1 - Description of the School District

The Wooster City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. The Board controls the School District's thirteen instructional/support facilities.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Wooster City School District, this includes general operations, food service, special needs school (Boys Village), and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

The School District participates in one public entity risk pool and one jointly governed organization. These organizations include the Ohio School Comp Workers' Compensation Group Rating Program (GRP) and the Tri-County Computer Services Association (TCCSA). These organizations are presented in Notes 9 and 16 to the basic financial statements.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from accompanying financial statements. All are legally separate. None are fiscally dependent on the School District. The School District is not financially accountable for any of these entities:

City of Wooster

The Wayne County Public Library

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles to its governmental activities provided they do not conflict or contradict GASB pronouncements. The School District applies generally accepted accounting principles that were issued prior to November 30, 1989 by the Financial Accounting Standards Board ("FASB") to its governmental and business-type activities and proprietary funds provided they do not conflict with or contradict GASB pronouncements. The School District has elected not to follow FASB guidance for

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

business-type activities and enterprise funds issued after November 30, 1989. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification.

The following are the most significant of the School District's accounting policies.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" of revenues and expenses.

The statement of net assets presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for the four business-type activities of the School 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 charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

The School 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

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

Debt Service Fund The debt service fund is used to account for the accumulation of property tax revenues for, and the payment of, principal and interest obligations relative to the School District's general obligation bonds.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. The following is the School District's proprietary fund types:

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District reports enterprise operations for food service, uniform school supplies and community programs.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee health insurance benefits.

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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds are private purpose trust and agency funds. The School District's agency funds account for student activities and the private purpose trusts disburse scholarships to students.

C. Measurement Focus

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

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

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of 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 School District finances and meets the cash flow needs of its proprietary fund activities.

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 School District, available means expected to be received within sixty days of the fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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.

Deferred/Unearned Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Property taxes for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Unearned revenue is reported in the internal service fund for insurance premiums receivable.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as "federal donated commodities".

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. Cash and Cash Equivalents

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

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2012. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2012. Certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2012 amounted to \$94,326, which includes \$839 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

F. Inventory

Within the basic financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of the general fund were not significant at year end. Inventories of the food service enterprise fund consist of donated and purchased food.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets may include amounts required to be set aside by the School District for the acquisition or construction of capital assets. See Note 18 for additional information regarding restricted assets.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. 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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land	N/A	N/A
Land Improvements	5 Years	N/A
Buildings and Improvements	10 - 40 Years	10 - 40 Years
Furniture and Equipment	5 - 20 Years	20 Years
Vehicles	13 Years	N/A
Textbooks	5 Years	N/A
Ice Arena	50 Years	N/A

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as "internal balances".

J. Compensated Absences

GASB Statement No. 16 specifies that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met.

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The School District has accrued a liability for these compensated absences using the termination method when the following criterion is met.

1. The benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

The sick leave liability has been based on the School District's past experience of making termination payments for sick leave.

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the basic financial statements within the fund the employee will be paid from. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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 proprietary funds are reported on the proprietary fund financial statements.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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 fiscal year. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

L. Deferred Charges and Bond Premiums

In governmental fund types, bond premiums and issuance costs are recognized in the current period. On the statement of net assets, note premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method, which is not significantly different than the bonds outstanding method, or the effective interest method. Bond premiums are presented as an addition to the face amount of bonds payable, whereas issuance costs are recorded as deferred charges.

M. Net Assets

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

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

N. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service, uniform school supplies, costs for outside entities and recreation center fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as nonoperating.

P. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during the current fiscal year.

Q. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. 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.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. 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 2012.

S. Estimates

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

T. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. The treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

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

Note 3 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Debt Service	Other Governmental Funds	Total
Restricted for:				
Debt Service	\$ 0	\$ 2,263,262	\$ 0	\$ 2,263,262
Capital Outlay	0	0	890,857	890,857
Extracurricular	0	0	241,647	241,647
Special Education	0	0	1,728	1,728
Target Academic Assistance	0	0	7,007	7,007
Non-Public Schools	0	0	64,357	64,357
Other Purposes	0	0	109,259	109,259
Total Restricted	0	2,263,262	1,314,855	3,578,117
Assigned for:				
Public School Support	64,821	0	0	64,821
Encumbrances:				
Instruction	428,983	0	0	428,983
Support Services	253,409	0	0	253,409
Operation of Non-Instructional	97	0	0	97
Extracurricular	600	0	0	600
Total Assigned	747,910	0	0	747,910
Unassigned	21,746,031	0	0	21,746,031
Total Fund Balance (Deficit)	<u>\$ 22,493,941</u>	<u>\$ 2,263,262</u>	<u>\$ 1,314,855</u>	<u>\$ 26,072,058</u>

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 4 - Budgetary Basis of Accounting

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

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$ 5,176,217
Net Adjustment for Revenue Accruals	(392,921)
Advances In	423,825
Net Adjustment for Expenditure Accruals	96,522
Advances Out	(320,495)
Funds Budgeted Elsewhere **	1,057
Adjustment for Encumbrances	<u>(1,016,075)</u>
Budget Basis	<u><u>\$ 3,968,130</u></u>

** As part of Governmental Accounting Standards Board No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 5 - Deposits and Investments

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

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

Inactive deposits are public deposits 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.

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

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

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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.

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

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of School District cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent of uninsured public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Deposits: The carrying value of the School District's deposits totaled \$21,516,275 and the bank balances of the deposits totaled \$21,557,213. Of the bank balance, \$20,301,927 was covered by depository insurance; and \$1,255,286 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments: Investments are reported at fair value. As of June 30, 2012, the School District had the following investments:

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Standard & Poor's Rating	Issue	Fair Value	Investment Maturity less than 1 year	Percentage of Total Investments
N/A *	Repurchase Agreement	\$ 8,177,240	\$ 8,177,240	100.00%
AAAm	STAROhio	36	36	0.00%
		<u>\$ 8,177,276</u>	<u>\$ 8,177,276</u>	<u>100.00%</u>

* Underlying Securities are Exempt

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

STAROhio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2012, is 53 days and carries a rating of AAAM by Standard and Poor’s.

Credit Risk: The School District’s investments credit ratings are summarized above. The School District’s investments in the federal agency securities that underlie the School District’s repurchase agreement were rated Aaa by Moody’s Investor Services.

Concentration of Credit Risk –The School District places no limit on the amount the School District may invest in any one issuer. See percentages of investments above.

Note 6 - Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School 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 and public utility property located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. 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 revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2012 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Wayne County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2012, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and 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 deferred revenue.

The amount available as an advance at June 30, 2012 was \$2,334,237 in the general fund, \$250,057 in the bond retirement debt service fund, and \$42,768 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2011, was \$1,915,997 in the general fund, \$178,530 in the bond retirement debt service fund, and \$34,780 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2012 taxes were collected are:

	<u>2011 Second Half Collection</u>		<u>2012 First Half Collection</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real Estate	\$ 621,208,270	97.39%	\$ 593,706,150	96.93%
Public Utility Personal Property	<u>16,643,670</u>	<u>2.61%</u>	<u>18,814,710</u>	<u>3.07%</u>
Total	<u>\$ 637,851,940</u>	<u>100.00%</u>	<u>\$ 612,520,860</u>	<u>100.00%</u>
Full Tax Rate per \$1,000 of assessed valuation	<u>\$ 78.70</u>		<u>\$ 78.70</u>	

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 7 - Receivables

Receivables at June 30, 2012, consisted of taxes, accounts (student fees), interfund, interest and intergovernmental grants. 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 fiscal year guarantee of federal funds.

Intergovernmental receivable in governmental funds consisted of a \$133,661 receivable in general fund and the following in other governmental and enterprise funds.

	Other Governmental Funds	Enterprise Funds
State and Federal Grants	\$ 594,008	\$ 0
Tuition Costs	0	1,109,535
SERS Overpayment	1,916	8,288
Total	595,924	1,117,823

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Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance 6/30/2011	Additions	Reductions	Balance 6/30/2012
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 2,676,543	\$ 0	\$ 0	\$ 2,676,543
	2,676,543	0	0	2,676,543
<i>Capital Assets, being depreciated:</i>				
Land Improvements	3,340,505	6,400	0	3,346,905
Buildings and Improvements	51,160,812	27,295	0	51,188,107
Furniture and Equipment	1,339,947	58,626	(36,754)	1,361,819
Vehicles	2,245,776	240,295	(115,066)	2,371,005
Textbooks	158,895	0	0	158,895
Ice Arena	(1) 4,517,809	0	0	4,517,809
Total Capital Assets, being depreciated	62,763,744	332,616	(151,820)	62,944,540
Less Accumulated Depreciation:				
Land Improvements	(3,024,758)	(101,771)	0	(3,126,529)
Buildings and Improvements	(23,412,274)	(926,583)	0	(24,338,857)
Furniture and Equipment	(1,017,503)	(50,786)	35,487	(1,032,802)
Vehicles	(1,412,417)	(164,702)	111,264	(1,465,855)
Textbooks	(158,895)	0	0	(158,895)
Ice Arena	(1) (903,560)	(90,356)	0	(993,916)
Total Accumulated Depreciation	(29,929,407)	(1,334,198)	146,751	(31,116,854)
Total Capital Assets being depreciated, net	32,834,337	(1,001,582)	(5,069)	31,827,686
Governmental Activities Capital Assets, Net				
	\$ 35,510,880	\$ (1,001,582)	\$ (5,069)	\$ 34,504,229
Business-Type Activities				
<i>Capital Assets, being depreciated:</i>				
Buildings	\$ 2,535,383	\$ 0	\$ 0	\$ 2,535,383
Furniture and Equipment	362,739	0	0	362,739
Total Capital Assets, being depreciated	2,898,122	0	0	2,898,122
Less Accumulated Depreciation:				
Buildings	(845,130)	(50,708)	0	(895,838)
Furniture and Equipment	(352,017)	(1,899)	0	(353,916)
Total Accumulated Depreciation	(1,197,147)	(52,607)	0	(1,249,754)
Total Capital Assets being depreciated, net	1,700,975	(52,607)	0	1,648,368
Business-Type Activities Capital Assets, Net				
	\$ 1,700,975	\$ (52,607)	\$ 0	\$ 1,648,368

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Depreciation expense was charged to governmental functions as follows:

<i>Governmental Activities:</i>	
Instruction:	
Regular	\$ 803,900
Support Services:	
Instructional Staff	745
Administration	1,816
Operation and Maintenance of Plant	226,532
Pupil Transportation	162,770
Central	2,061
Extracurricular Activities	46,018
Depreciation Expense Not Included in in Other Functions	(1) <u>90,356</u>
Total Governmental Activities	<u>\$ 1,334,198</u>
 <i>Business-Type Activities:</i>	
Food Service	\$ 1,899
Community Recreation	<u>50,708</u>
Total Business-Type Activities	<u>\$ 52,607</u>

(1) The ice arena was donated to the School District and is operated by the Donald and Alice Noble Foundation, Inc. The School District does not collect any fees or pay any expenses to operate the facility.

Note 9 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District insures its buildings and their contents through insurance having a \$1,000 deductible and providing replacement cost for such items. An inventory of all loose equipment is conducted annually.

Appropriate liability insurance is maintained in the amount of \$4,000,000 for each occurrence and \$6,000,000 aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Bond is maintained on all employees handling or responsible for money in the amount of \$25,000. A bond of \$50,000 is maintained on the Treasurer. Bonds are also provided for the School Board President, Superintendent, and Business Manager in the amount of \$10,000 each.

By state statute, Bond is provided by all contractors in amounts sufficient to cover the entire bid amount awarded to the contractor.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

B. Workers' Compensation

As of June 30, 2012, the School District participates in the Ohio School Comp Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. This represents a merger of individual pooling programs for the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO). Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the 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. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

C. Health Insurance

The School District is self-insured for its medical insurance, dental insurance, and prescription drug program. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. During fiscal year 2012, a total expense of \$6,460,656 was incurred in benefits and administrative costs. An excess coverage insurance policy covers individual claims in excess of \$100,000. The liability for unpaid claims cost of \$355,772 reported in the fund at June 30, 2012 is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims cost, including estimates of costs relating to incurred but not reported claims, be reported. Interfund premiums are based primarily upon the insured funds' claims experience and are reported as charges for services to other funds.

Changes in the fund's claims liability amount in 2011 and 2012 were:

		<u>Balance</u> <u>Beginning of Year</u>	<u>Current Year</u> <u>Claims</u>	<u>Claim</u> <u>Payments</u>	<u>Balance at</u> <u>End of Year</u>
2011	\$	470,596	5,788,158	5,677,546	\$ 581,208
2012	\$	581,208	5,580,151	5,805,587	\$ 355,772

Note 10 – Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and state laws. Classified employees earn up to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees as earned. Accumulated, unused vacation time is paid to classified employees upon termination or retirement. Teachers do not earn vacation time.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month.

For employees with 10 to 30 years of service, a percentage of unused sick time is paid upon retirement at 50% of the maximum number of days accumulated not to exceed 275 days for certificated staff and classified staff.

For employees with more than 30 years of service, a percentage of unused sick time is paid upon retirement at the lesser of 65 days or 25% of the maximum number of days accumulated not to exceed 275 days for certificated staff and classified staff.

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District’s required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$827,179, \$729,235 and \$849,051, respectively; 59 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010. \$372,191 represents the unpaid contribution for fiscal year 2012, and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

Plan Description - The School 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 publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

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

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the 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 employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$2,578,876, \$2,638,718 and \$2,682,711, respectively; 83 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010. Contributions to the DC and Combined Plans for fiscal year 2012 were \$60,723 made by the School District and \$84,088 made by the plan members. \$445,274 represents the unpaid contribution for fiscal year 2012, and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2012, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 12 - Postemployment Benefits

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan 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 Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at 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 2012, .55 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 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011, and 2010 were \$123,870, \$88,299, and \$30,561, respectively; 59 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$48,849, \$46,928, and \$50,491, respectively; 59 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

B. State Teachers Retirement System

Plan Description - The School 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 financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$192,691, \$195,870, and \$196,528, respectively; 83 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

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Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 13 - Long - Term Obligations

The changes in the School District's long-term obligations during the year consist of the following:

	Outstanding 6/30/11	Additions	Reductions	Outstanding 6/30/12	Amounts Due in One Year
Governmental Activities:					
<i>Note Payable:</i>					
Energy Conservation Note					
Interest Rate 3.32% through 2018	\$ 1,451,000	\$ 0	\$ 162,000	\$ 1,289,000	\$ 167,000
<i>General Obligation Bonds Payable:</i>					
1997 Bond Refunding					
3.8% - 4.6% through 2017	430,000	0	0	430,000	0
Capital Appreciation Bonds	2,049,648	0	732,049	1,317,599	685,894
Accretion on CABs	4,171,122	436,041	1,582,950	3,024,213	1,669,106
2004 Bond Refunding					
2.5% - 4.1% through 2018	1,505,002	0	0	1,505,002	0
Capital Appreciation Bonds	234,998	0	122,765	112,233	112,233
Accretion on CABs	185,965	28,952	107,237	107,680	107,680
2007 Bond Refunding					
4.00%-4.15% through 2016	7,800,000	0	0	7,800,000	0
Capital Appreciation Bonds	1,955,000	0	0	1,955,000	0
Accretion on CABs	318,993	95,362	0	414,355	0
Premium on Debt Issuance	153,123	0	21,874	131,249	0
Refunding Loss	(62,078)	0	8,868	(53,210)	0
Total	<u>20,192,773</u>	<u>560,355</u>	<u>2,737,743</u>	<u>18,033,121</u>	<u>2,741,913</u>
Compensated Absences	<u>5,055,946</u>	<u>735,322</u>	<u>1,063,106</u>	<u>4,728,162</u>	<u>582,646</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 25,248,719</u>	<u>\$ 1,295,677</u>	<u>\$ 3,800,849</u>	<u>\$ 22,761,283</u>	<u>\$ 3,324,559</u>
Business-Type Activities					
Compensated Absences	<u>\$ 442,228</u>	<u>\$ 25,705</u>	<u>\$ 110,689</u>	<u>\$ 357,244</u>	<u>\$ 39,372</u>

In 1997, the School District issued \$24,994,832 in refunded general obligation bonds. These include current interest bonds which mature December 2017, and capital appreciation bonds which mature December 2013 and December 2014.

In 2004, the School District issued \$3,010,000 in refunded general obligation bonds. These include current interest bonds which mature in December 2018, and capital appreciation bonds which mature in December 2012. The associated costs of the refunding were insignificant and will not be amortized.

On September 27, 2007, the School District issued \$9,755,000 in refunded general obligation bonds. These include current interest bonds which mature in December 2016, and capital appreciation bonds with mature in December 2017. The proceeds of the bonds were used to refund \$9,852,550 of the School

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

District's outstanding Capital Improvement Bonds. The bonds were issued for an 11 year period with final maturity at December 1, 2017. At the date of the refunding, \$9,995,619 (including premium and after underwriting fees) was deposited in the debt service fund for the payment on the refunded bonds to the bond escrow agent. As of June 30, 2012 \$9,755,000 of these bonds are considered defeased.

These refunding bonds were issued with a premium of \$240,619, which is reported as an increase to bonds payable. The amounts are being amortized to interest expenses over the life of the bonds using the straight-line method. There was \$21,874 in amortization recorded for June 30, 2012. The issuance costs of \$143,069 have been reported as prepaid expenses and are being amortized to interest expense over the life of the loan. There was \$13,006 in amortization recorded for June 30, 2012. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$97,550.

In 2009, the School District issued \$1,757,800 in energy conservation notes payable for renovation of school facilities to conserve energy. The notes mature in December 2018.

General obligation bonds and notes payable will be paid from the debt service fund. Compensated absences will be paid from the general fund and the food service and costs for outside entities enterprise funds.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2012 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest/ Accretion
2013	\$ 0	\$ 391,942	\$ 798,127	\$ 1,786,873	\$ 798,127	\$ 2,178,815
2014	230,000	387,860	631,705	1,723,295	861,705	2,111,155
2015	2,865,000	324,318	0	0	2,865,000	324,318
2016	3,000,000	205,170	0	0	3,000,000	205,170
2017	3,110,000	83,474	0	0	3,110,000	83,474
2018 - 2019	530,002	21,669	1,955,000	1,015,000	2,485,002	1,036,669
Totals	<u>\$ 9,735,002</u>	<u>\$ 1,414,433</u>	<u>\$ 3,384,832</u>	<u>\$ 4,525,168</u>	<u>\$ 13,119,834</u>	<u>\$ 5,939,601</u>

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Principal and interest requirements to retire notes payable at June 30, 2012 are as follows:

Fiscal Year Ending June 30,	Energy Conservation Notes	
	Principal	Interest
2013	\$ 167,000	\$ 41,290
2014	172,000	33,546
2015	178,000	27,880
2016	184,000	22,019
2017	190,000	15,964
2018 - 2019	398,000	12,984
Totals	\$ 1,289,000	\$ 153,683

Note 14 - Interfund Transfers

Transfers for the year ended June 30, 2012 consisted of the following:

	Transfers In	Transfers Out
General Fund	\$ 0	\$ 280,500
Debt Service Fund	205,500	0
Other Governmental Funds	75,000	0
	\$ 280,500	\$ 280,500

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

General fund made transfers to the debt service fund to cover debt service payments and to the EMIS fund to cover operating costs.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

Note 15 - Interfund Balances

Interfund balances at June 30, 2012 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 320,495	\$ 0
Nonmajor Governmental Funds	0	26,995
Internal Service Fund	0	128,500
Nonmajor Enterprise Funds	0	165,000
	\$ 320,495	\$ 320,495

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2012, all interfund payables outstanding are anticipated to be repaid by fiscal year 2013.

Note 16 - Jointly Governed Organization

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 21 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based on per pupil charge dependent upon the software package utilized. The TCCSA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by a board of directors chosen from the general membership of the TCCSA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Tri-County Education Services Center, which serves as fiscal agent, located at 741 Winkler Drive, Wooster, Ohio, 44691. During the fiscal year ended June 30, 2012 the School District paid \$125,347 for basic service charges.

Note 17 – Contingencies

A. Review of Statewide Attendance Data

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

Wooster City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012

B. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State’s ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

C. Litigation

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.

Note 18 - Set-Asides

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

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

	Capital Improvement Reserve
Set Aside Restricted Balance June 30, 2011	\$ 0
Current Year Set-Aside Requirement	644,808
Current Year Qualifying Expenditures	<u>(1,001,070)</u>
Total	<u>\$ (356,262)</u>
Balance Carried Forward to Fiscal Year 2013	<u>\$ 0</u>
Set Aside Restricted Balance June 30, 2012	<u>\$ 0</u>

Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero, this amount may not be used to reduce the set aside requirement for future years. The negative balance is, therefore, not presented as being carried forward to future years.

WOOSTER CITY SCHOOL DISTRICT
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2012

Federal Grantor/Pass Trough Grantor Program Title	CFDA Number	Grant Number	Federal Receipts	Federal Disbursements
U. S. DEPARTMENT OF EDUCATION				
<i>(Passed Through Ohio Department of Education):</i>				
Title I Delinquent	84.010	CI-SD-12	\$ 91,248	\$ 90,214
Title I Delinquent	84.010	CI-SD-11	3,747	4,564
Title I Regular	84.010	CI-SR-12	789,413	761,552
Title I Regular	84.010	CI-SR-11	96,001	112,948
ARRA - Title I Part A	84.389	na	-	13,088
ARRA - Title I Delinquent	84.389	na	303	454
Total Title I			980,712	982,820
Title IV-A Safe & Drug Free	84.186	DR-SI-12	70,000	70,000
Title IV-A Safe & Drug Free	84.186	DR-SI-11	-	4
Total IV-A Safe & Drug Free			70,000	70,004
IDEA Part B-Special Education	84.027	6B-SF-12	756,259	745,495
IDEA Part B-Special Education	84.027	6B-SF-11	60,048	83,810
ARRA - IDEA Part B	84.391	na	20,279	21,505
Total IDEA-B			836,586	850,810
Title II-D	84.318	TJ-SI-12	1,915	415
Title II-D	84.318	TJ-SI-11	729	249
Total Title II-D			2,644	664
Title II-A	84.367	TR-SI-12	125,538	114,900
Title II-A	84.367	TR-SI-11	23,291	26,626
Total Title II-A			148,829	141,526
Education Jobs Fund	84.410	2012	380,484	380,484
Resident Educator Program	84.395	2012	2,100	2,100
TOTAL U. S. DEPARTMENT OF EDUCATION			2,421,355	2,428,408
U. S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster:				
Passed through Ohio Department of Education:				
Cash Assistance				
School Breakfast Program	10.553	05PU-11/12	205,440	205,440
National School Lunch Program	10.555	LLP4-11/12	767,904	767,904
Summer Food Service for Children	10.559	24PU-12	48,876	48,876
Direct Program: Non-Cash Assistance:				
National School Lunch Program - see Note 2	10.555	na	83,818	83,818
Total Nutrition Cluster			1,106,038	1,106,038
School Nutrition Mini Grant	10.574	na	13,182	16,603
TOTAL U. S. DEPARTMENT OF AGRICULTURE			1,119,220	1,122,641
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>(Passed Through Wayne County Department of Jobs and Family Services):</i>				
TANF Title XX -At Risk Youth	93.558	FY12	57,971	33,855
TOTAL U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			57,971	33,855
TOTAL FEDERAL RECEIPTS AND EXPENDITURES			\$ 3,598,546	\$ 3,584,904

See Notes to the Schedule of Federal Award Expenditures

WOOSTER CITY SCHOOL DISTRICT
Wayne County, Ohio
Notes to the Schedule of Federal Award Expenditures
For the Year Ended June 30, 2012

1. Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting. Consequently, certain revenues are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred.

2. Food Distribution

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2012, the District had food commodities in inventory.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Wooster City School District
Wayne County
144 North Market Street
Wooster, OH 44691

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 26, 2012. 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 Controls 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 auditing 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management, the audit committee, the Board of Education, federal awarding agencies and 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 "Charles E. Harris". The signature is written in a cursive, slightly slanted style.

Charles E. Harris and Associates, Inc.

November 26, 2012

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Wooster City School District
Wayne County
144 North Market Street
Wooster, OH 44691

To the Board of Education:

Compliance

We have audited the compliance of the Wooster City School District, Wayne County, Ohio's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's federal programs for the year ended June 30, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the District's compliance based on our audit.

Our compliance audit followed 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*. These 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 these 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 these requirements.

In our opinion, the Wooster City School District, Wayne County, Ohio complied, in all material respects, with the requirements referred to above that directly and materially affect each of its major federal programs for the year ended June 30, 2012.

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.

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



CHARLES E. HARRIS & ASSOCIATES, INC.

November 26, 2012

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 SECTION .505**

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY
June 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unqualified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
(d)(1)(vi)	<i>Are there any reportable findings</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Education Jobs - CFDA #84.410 Nutrition Cluster - CFDA #10.553, #10.555, #10.559
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee?</i>	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY
JUNE 30, 2012**

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ending June 30, 2011, reported no material citations or recommendations.