



**WHEELERSBURG LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WHEELERSBURG LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	9
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund	10
Statement of Revenues, Expenses and Changes in Fund Equity - Enterprise Fund and Nonexpendable Trust Fund	13
Statement of Revenues, Expenses and Changes in Fund Equity Budget and Actual (Budget Basis) - Enterprise Fund and Nonexpendable Trust Fund	14
Statement of Cash Flows - Enterprise Fund and Nonexpendable Trust Fund	16
Notes to the General Purpose Financial Statements	17
Schedule of Federal Awards Receipts and Expenditures	43
Notes to the Schedule of Federal Awards Receipts and Expenditures	44
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	45
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	47
Schedule of Findings - <i>OMB Circular A-133 §.505</i>	49

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REPORT OF INDEPENDENT ACCOUNTANTS

Wheelersburg Local School District
Scioto County
P.O. Box 340
Wheelersburg, Ohio 45694

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Wheelersburg Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Wheelersburg Local School District, Scioto County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principals generally accepted in the United States of America.

During the year ended June 30, 2001, as described in Note 20 to the general purpose financial statements, the School District adopted Governmental Accounting Statement Nos. 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2002, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis 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 general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

January 25, 2002

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Wheelersburg Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$80,459	\$276,079	\$73,519
Receivables:			
Taxes	1,958,625	0	42,510
Intergovernmental	0	35,152	0
Accrued Interest	0	0	0
Interfund Receivable	1,190	0	0
Prepaid Items	28,876	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	25,914	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	138,403	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
 <u>Other Debits:</u>			
Amount to be Provided from General Government Resources	0	0	0
 Total Assets and Other Debits	\$2,233,467	\$311,231	\$116,029

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$4,299	\$337,801	\$0	\$0	\$772,157
0	0	0	0	2,001,135
0	0	0	0	35,152
0	8,659	0	0	8,659
0	0	0	0	1,190
0	0	0	0	28,876
3,965	0	0	0	3,965
1,309	0	0	0	27,223
0	0	0	0	138,403
16,814	0	8,629,477	0	8,646,291
0	0	0	529,430	529,430
<u>\$26,387</u>	<u>\$346,460</u>	<u>\$8,629,477</u>	<u>\$529,430</u>	<u>\$12,192,481</u>

(continued)

Wheelersburg Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001
(continued)

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$50,714	\$35,494	\$11,256
Accrued Wages and Benefits	698,378	100,883	0
Compensated Absences Payable	36,755	11,134	0
Interfund Payable	0	1,150	40
Intergovernmental Payable	150,765	18,324	0
Deferred Revenue	1,800,374	0	39,054
Undistributed Monies	0	0	0
Tax Refund Payable	0	0	0
	<u>2,736,986</u>	<u>166,985</u>	<u>50,350</u>
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	26,716	34,161	28,181
Reserved for Inventory	25,914	0	0
Reserved for Property Taxes	158,251	0	3,456
Reserved for Textbooks	68,150	0	0
Reserved for Capital Improvements	2,934	0	0
Reserved for Budget Stabilization	41,783	0	0
Reserved for Bus Purchases	25,536	0	0
Unreserved:			
Designated for Set-asides	3,353	0	0
Undesignated (Deficit)	(856,156)	110,085	34,042
	<u>(503,519)</u>	<u>144,246</u>	<u>65,679</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$2,233,467</u>	<u>\$311,231</u>	<u>\$116,029</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$0	\$0	\$0	\$0	\$97,464
25,131	0	0	0	824,392
8,776	0	0	416,179	472,844
0	0	0	0	1,190
12,223	0	0	57,752	239,064
1,904	0	0	0	1,841,332
0	20,577	0	0	20,577
0	0	0	55,499	55,499
<u>48,034</u>	<u>20,577</u>	<u>0</u>	<u>529,430</u>	<u>3,552,362</u>
0	0	8,629,477	0	8,629,477
5,137	0	0	0	5,137
(26,784)	0	0	0	(26,784)
0	0	0	0	89,058
0	0	0	0	25,914
0	0	0	0	161,707
0	0	0	0	68,150
0	0	0	0	2,934
0	0	0	0	41,783
0	0	0	0	25,536
0	0	0	0	3,353
0	325,883	0	0	(386,146)
<u>(21,647)</u>	<u>325,883</u>	<u>8,629,477</u>	<u>0</u>	<u>8,640,119</u>
<u>\$26,387</u>	<u>\$346,460</u>	<u>\$8,629,477</u>	<u>\$529,430</u>	<u>\$12,192,481</u>

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Wheelersburg Local School District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types			Fiduciary	Totals
	General	Special Revenue	Capital Projects	Expensible Trust	(Memorandum Only)
<u>Revenues:</u>					
Property Taxes	\$2,110,404	\$0	\$47,674	\$0	\$2,158,078
Intergovernmental	5,154,484	1,331,772	130,239	0	6,616,495
Interest	63,637	0	1,201	0	64,838
Tuition and Fees	48,582	0	0	0	48,582
Extracurricular Activities	0	211,555	0	0	211,555
Gifts and Donations	450	20,667	0	3,500	24,617
Miscellaneous	49,884	1,575	0	0	51,459
Total Revenues	7,427,441	1,565,569	179,114	3,500	9,175,624
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	4,035,283	736,279	0	0	4,771,562
Special	397,259	390,529	0	0	787,788
Other	317,758	0	0	0	317,758
Support Services:					
Pupils	270,039	105,462	0	7,500	383,001
Instructional Staff	377,957	99,569	7,282	0	484,808
Board of Education	78,766	0	0	0	78,766
Administration	658,873	0	0	0	658,873
Fiscal	219,690	50	1,063	0	220,803
Operation and Maintenance of Plant	714,504	1,571	20,960	0	737,035
Pupil Transportation	438,097	7,589	2,199	0	447,885
Central	80,605	4,215	50,924	0	135,744
Extracurricular Activities	157,172	165,165	0	0	322,337
Refund of Property Taxes	32,745	0	557	0	33,302
Capital Outlay	12,884	6,390	11,325	0	30,599
Intergovernmental	0	50,155	0	0	50,155
Total Expenditures	7,791,632	1,566,974	94,310	7,500	9,460,416
Excess of Revenues Over (Under) Expenditures	(364,191)	(1,405)	84,804	(4,000)	(284,792)
<u>Other Financing Sources (Uses):</u>					
Proceeds from Sale of Fixed Assets	3,274	0	0	0	3,274
Operating Transfers - In	115,551	661	0	0	116,212
Operating Transfers - Out	(103,431)	(75,781)	0	0	(179,212)
Total Other Financing Sources (Uses)	15,394	(75,120)	0	0	(59,726)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(348,797)	(76,525)	84,804	(4,000)	(344,518)
Fund Balances (Deficit) at Beginning of Year	(144,360)	220,771	(19,125)	10,500	67,786
Decrease in Reserve for Inventory	(10,362)	0	0	0	(10,362)
Fund Balances (Deficit) at End of Year	(\$503,519)	\$144,246	\$65,679	\$6,500	(\$287,094)

See accompanying notes to the general purpose financial statements

Wheelersburg Local School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001
 (Continued)

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$2,045,921	\$2,045,921	\$0	\$0	\$0	\$0
Intergovernmental	5,163,746	5,163,744	(2)	1,289,367	1,266,278	(23,089)
Interest	68,500	67,350	(1,150)	0	0	0
Tuition and Fees	53,020	48,582	(4,438)	0	0	0
Extracurricular Activities	0	0	0	213,331	211,555	(1,776)
Gifts and Donations	450	450	0	24,650	20,667	(3,983)
Miscellaneous	49,900	49,884	(16)	1,550	1,575	25
Total Revenues	7,381,537	7,375,931	(5,606)	1,528,898	1,500,075	(28,823)
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	4,049,628	4,049,628	0	758,507	758,507	0
Special	404,932	404,932	0	396,297	396,297	0
Other	317,543	317,543	0	0	0	0
Support Services:						
Pupils	269,313	269,313	0	120,744	120,744	0
Instructional Staff	373,245	373,245	0	105,802	105,802	0
Board of Education	79,767	79,767	0	0	0	0
Administration	632,406	632,406	0	0	0	0
Fiscal	219,221	219,221	0	50	50	0
Operation and Maintenance of Plant	762,068	762,068	0	1,571	1,571	0
Pupil Transportation	440,276	440,276	0	7,589	7,589	0
Central	84,473	84,473	0	4,231	4,231	0
Extracurricular Activities	159,746	159,746	0	173,756	173,756	0
Capital Outlay	12,884	12,884	0	6,340	6,340	0
Total Expenditures	7,805,502	7,805,502	0	1,574,887	1,574,887	0
Excess of Revenues Over (Under) Expenditures	(423,965)	(429,571)	(5,606)	(45,989)	(74,812)	(28,823)
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	3,300	3,274	(26)	0	0	0
Refund of Prior Year Receipts	(32,744)	(32,744)	0	0	0	0
Advances - In	32,800	32,761	(39)	0	1,150	1,150
Advances - Out	(1,150)	(1,150)	0	(3,000)	(3,000)	0
Operating Transfers - In	112,020	115,551	3,531	1,886	1,846	(40)
Operating Transfers - Out	(103,431)	(103,431)	0	(77,081)	(77,081)	0
Total Other Financing Sources (Uses)	10,795	14,261	3,466	(78,195)	(77,085)	1,110
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(413,170)	(415,310)	(2,140)	(124,184)	(151,897)	(27,713)
Fund Balances at Beginning of Year	385,815	385,815	0	317,512	317,512	0
Prior Year Encumbrances Appropriated	158,310	158,310	0	40,845	40,845	0
Fund Balances at End of Year	\$130,955	\$128,815	(\$2,140)	\$234,173	\$206,460	(\$27,713)

See accompanying notes to the general purpose financial statements

Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$46,700	\$46,547	(\$153)	\$0	\$0	\$0
130,105	130,239	134	0	0	0
1,200	1,201	1	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	3,500	3,500	0
0	0	0	0	0	0
<u>178,005</u>	<u>177,987</u>	<u>(18)</u>	<u>3,500</u>	<u>3,500</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	7,500	7,500	0
21,280	21,280	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,063	1,063	0	0	0	0
20,960	20,960	0	0	0	0
2,199	2,199	0	0	0	0
65,106	65,106	0	0	0	0
0	0	0	0	0	0
14,625	14,625	0	0	0	0
<u>125,233</u>	<u>125,233</u>	<u>0</u>	<u>7,500</u>	<u>7,500</u>	<u>0</u>
<u>52,772</u>	<u>52,754</u>	<u>(18)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>0</u>
0	0	0	0	0	0
(557)	(557)	0	0	0	0
3,000	3,000	0	0	0	0
(32,761)	(32,761)	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>(30,318)</u>	<u>(30,318)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
22,454	22,436	(18)	(4,000)	(4,000)	0
7,846	7,846	0	10,500	10,500	0
3,800	3,800	0	0	0	0
<u>\$34,100</u>	<u>\$34,082</u>	<u>(\$18)</u>	<u>\$6,500</u>	<u>\$6,500</u>	<u>\$0</u>

Wheelersburg Local School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001
 (Continued)

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$2,092,621	\$2,092,468	(\$153)
Intergovernmental	6,583,218	6,560,261	(22,957)
Interest	69,700	68,551	(1,149)
Tuition and Fees	53,020	48,582	(4,438)
Extracurricular Activities	213,331	211,555	(1,776)
Gifts and Donations	28,600	24,617	(3,983)
Miscellaneous	51,450	51,459	9
Total Revenues	9,091,940	9,057,493	(34,447)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	4,808,135	4,808,135	0
Special	801,229	801,229	0
Other	317,543	317,543	0
Support Services:			
Pupils	397,557	397,557	0
Instructional Staff	500,327	500,327	0
Board of Education	79,767	79,767	0
Administration	632,406	632,406	0
Fiscal	220,334	220,334	0
Operation and Maintenance of Plant	784,599	784,599	0
Pupil Transportation	450,064	450,064	0
Central	153,810	153,810	0
Extracurricular Activities	333,502	333,502	0
Capital Outlay	33,849	33,849	0
Total Expenditures	9,513,122	9,513,122	0
Excess of Revenues Over (Under) Expenditures	(421,182)	(455,629)	(34,447)
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	3,300	3,274	(26)
Refund of Prior Year Receipts	(33,301)	(33,301)	0
Advances - In	35,800	36,911	1,111
Advances - Out	(36,911)	(36,911)	0
Operating Transfers - In	113,906	117,397	3,491
Operating Transfers - Out	(180,512)	(180,512)	0
Total Other Financing Sources (Uses)	(97,718)	(93,142)	4,576
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(518,900)	(548,771)	(29,871)
Fund Balances at Beginning of Year	721,673	721,673	0
Prior Year Encumbrances Appropriated	202,955	202,955	0
Fund Balances at End of Year	\$405,728	\$375,857	(\$29,871)

Wheelersburg Local School District
Statement of Revenues,
Expenses and Changes in Fund Equity
Enterprise Fund and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Enterprise	Nonexpendable Trust	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Sales	\$183,330	\$0	\$183,330
Interest	0	19,523	19,523
Gifts and Donations	0	10,229	10,229
Total Operating Revenues	183,330	29,752	213,082
<u>Operating Expenses:</u>			
Salaries	114,244	0	114,244
Fringe Benefits	82,354	0	82,354
Purchased Services	11,948	0	11,948
Materials and Supplies	18,748	0	18,748
Cost of Sales	115,371	0	115,371
Depreciation	1,144	0	1,144
Other	0	9,000	9,000
Total Operating Expenses	343,809	9,000	352,809
Operating Income (Loss)	(160,479)	20,752	(139,727)
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	13,395	0	13,395
Interest	2,589	0	2,589
Federal and State Subsidies	92,758	0	92,758
Total Non-Operating Revenues	108,742	0	108,742
Income (Loss) Before Operating Transfers	(51,737)	20,752	(30,985)
Operating Transfers - In	63,000	0	63,000
Net Income	11,263	20,752	32,015
Retained Earnings (Deficit) / Fund Balance at Beginning of Year	(38,047)	298,631	260,584
Retained Earnings (Deficit) / Fund Balance at End of Year	(26,784)	319,383	292,599
Contributed Capital at Beginning and End of Year	5,137	0	5,137
Total Fund Equity (Deficit) at End of Year	(\$21,647)	\$319,383	\$297,736

See accompanying notes to the general purpose financial statements

Wheelersburg Local School District
Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Enterprise Fund and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Enterprise		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Sales	\$184,200	\$183,330	(\$870)
Interest	2,000	2,589	589
Federal and State Subsidies	85,200	92,758	7,558
Gifts and Donations	0	0	0
Total Revenues	271,400	278,677	7,277
<u>Expenses:</u>			
Salaries	114,826	114,826	0
Fringe Benefits	84,994	84,994	0
Purchased Services	15,246	15,246	0
Materials and Supplies	120,203	120,203	0
Capital Outlay	8,187	8,187	0
Other	0	0	0
Total Expenses	343,456	343,456	0
Excess of Revenues Over (Under) Expenses	(72,056)	(64,779)	7,277
Operating Transfers - In	68,000	63,000	(5,000)
Excess of Revenues Over (Under) Expenses and Transfers	(4,056)	(1,779)	2,277
Fund Equity at Beginning of Year	2,660	2,660	0
Prior Year Encumbrances Appropriated	749	749	0
Fund Equity (Deficit) at End of Year	(\$647)	\$1,630	\$2,277

See accompanying notes to the general purpose financial statements

Nonexpendable Trust			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$184,200	\$183,330	(\$870)
13,400	16,686	3,286	15,400	19,275	3,875
0	0	0	85,200	92,758	7,558
0	10,229	10,229	0	10,229	10,229
13,400	26,915	13,515	284,800	305,592	20,792
0	0	0	114,826	114,826	0
0	0	0	84,994	84,994	0
0	0	0	15,246	15,246	0
0	0	0	120,203	120,203	0
0	0	0	8,187	8,187	0
9,000	9,000	0	9,000	9,000	0
9,000	9,000	0	352,456	352,456	0
4,400	17,915	13,515	(67,656)	(46,864)	20,792
0	0	0	68,000	63,000	(5,000)
4,400	17,915	13,515	344	16,136	15,792
292,809	292,809	0	295,469	295,469	0
0	0	0	749	749	0
<u>\$297,209</u>	<u>\$310,724</u>	<u>\$13,515</u>	<u>\$296,562</u>	<u>\$312,354</u>	<u>\$15,792</u>

Wheelersburg Local School District
Statement of Cash Flows
Enterprise Fund and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Enterprise	Nonexpendable Trust	Totals (Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Sales	\$183,330	\$0	\$183,330
Cash Received from Gifts and Donations	0	10,229	10,229
Cash Payments to Suppliers for Goods and Services	(134,364)	0	(134,364)
Cash Payments to Employees for Services	(114,826)	0	(114,826)
Cash Payments for Employee Benefits	(84,994)	0	(84,994)
Cash Payments for Other Operating Expenses	0	(9,000)	(9,000)
Net Cash Provided by (Used for) Operating Activities	<u>(150,854)</u>	<u>1,229</u>	<u>(149,625)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Federal and State Subsidies	92,758	0	92,758
Operating Transfers - In	63,000	0	63,000
Net Cash Provided by Noncapital Financing Activities	<u>155,758</u>	<u>0</u>	<u>155,758</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Aquisition of Fixed Assets	(6,603)	0	(6,603)
<u>Cash Flows from Investing Activities:</u>			
Interest	2,589	16,686	19,275
Net Increase in Cash and Cash Equivalents	890	17,915	18,805
Cash and Cash Equivalents at Beginning of Year	3,409	292,809	296,218
Cash and Cash Equivalents at End of Year	<u>\$4,299</u>	<u>\$310,724</u>	<u>\$315,023</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	(\$160,479)	\$20,752	(\$139,727)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Depreciation	1,144	0	1,144
Donated Commodities Used During Year	13,395	0	13,395
Nonexpendable Trust Interest	0	(16,686)	(16,686)
<u>Changes in Assets and Liabilities:</u>			
Increase in Accrued Interest Receivable	0	(2,837)	(2,837)
Increase in Inventory Held for Resale	(627)	0	(627)
Increase in Materials and Supplies Inventory	(436)	0	(436)
Decrease in Accounts Payable	(629)	0	(629)
Decrease in Accrued Wages and Benefits Payable	(4,081)	0	(4,081)
Increase in Compensated Absences Payable	503	0	503
Increase in Intergovernmental Payable	356	0	356
Total Adjustments	<u>9,625</u>	<u>(19,523)</u>	<u>(9,898)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$150,854)</u>	<u>\$1,229</u>	<u>(\$149,625)</u>
<u>Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Funds to Balance Sheet</u>			
Cash and Cash Equivalents - All Fiduciary Funds		NA	
Cash and Cash Equivalents - Agency Fund		(20,577)	
Cash and Cash Equivalents - Expendable Trust Fund		<u>(6,500)</u>	
Cash and Cash Equivalents - Nonexpendable Trust Funds		<u>NA</u>	

See accompanying notes to the general purpose financial statements

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1859 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 17 square miles. It is located in Scioto County, and includes all of Porter Township. It is staffed by 53 non-certificated employees, 104 certificated full-time teaching personnel and 7 administrative employees who provide services to 1,578 students and other community members. The School District currently operates two instructional buildings, one administrative building, and one garage.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure 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 Wheelersburg Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The following entities which perform activities within the School District’s boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

- ▶ Parent Teacher Organizations
- ▶ South Central Ohio Educational Service Center
- ▶ Booster Organizations

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

(continued)

The School District is associated with three organizations, one of which is defined as a jointly governed organization, one as an insurance purchasing pool, and one as a public entity shared risk pool. These organizations are the South Central Ohio Computer Association, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Scioto County Schools Council. These organizations are presented in Notes 15, 16 and 17 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following are the School District's governmental fund types:

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund Type:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Fund - The enterprise fund is used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary and non-expendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund and nonexpendable trust fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. The full accrual basis of accounting is followed for the proprietary fund and nonexpendable trust fund.

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 year-end.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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, grants, and interest.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

The measurement focus of governmental and expendable trust 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.

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 donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been given authority to further allocate appropriations to functions and objects within each fund. Because the activity of agency funds is not budgeted, transfers-in and transfers-out do not equal on a budgetary basis due to a transfer of \$115 from the general fund to an agency fund.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Scioto County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals adopted by the Board.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, five supplemental appropriations were legally enacted, however none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed by the Board of Education as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. Prior to year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

D. 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's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2001, the School District's investments were limited to nonnegotiable certificates of deposit and funds invested in the State Treasury Assets Reserve of Ohio (STAROhio). Nonnegotiable certificates of deposit are reported at cost.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2001.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$63,637, which includes \$27,104 from other School District funds.

For purposes of the statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food held for resale and non-food supplies, all of which are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary fund are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise fund is computed using the straight-line method over an estimated useful life of five to twenty years.

H. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the School District, prior to 1996, had not prepared its financial statements in accordance with generally accepted accounting principles, the exact amount of contributed capital pertaining to years prior to 1996 cannot be determined.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have used current available financial resources. Tax refunds are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets, and to create a reserve for budget stabilization. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

N. Fund Balance Reserves and Designation

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, textbook purchases, capital improvements, budget stabilization, and bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. A designation of fund balance has been made for amounts set aside for textbooks and capital acquisitions that exceed the amounts required by statute.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. 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.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned “Totals - (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2001, the General Fund had a deficit fund balance of \$487,602. The School District is currently monitoring its financial condition and is taking steps to reduce spending in part by eliminating employment positions and some miscellaneous services.

The Education Management Information Systems, Disadvantaged Pupil Impact Aid, Family and Children First, and Title VI-R Special Revenue Funds, the Emergency Building Repair Capital Projects Fund, and the Food Service Enterprise Fund have deficit fund balances/retained earnings of \$15, \$43,299, \$4,912, \$4,587, \$40, and \$26,784, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

The following fund had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2001.

Fund Type/Fund	Estimated Resources	Appropriations	Excess
Enterprise Fund:			
Food Services	\$342,809	\$343,456	(\$647)

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Enterprise Fund and Nonexpendable Trust Fund are presented 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 are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental fund Types and Expendable Trust Fund

	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	(\$348,797)	(\$76,525)	\$84,804	(\$4,000)
Revenue Accruals	(51,510)	(65,494)	(1,127)	0
Expenditure Accruals	43,142	61,706	7,957	0
Transfers	0	(115)	0	0
Advances	31,611	(1,850)	(29,761)	0
Encumbrances	(89,756)	(69,619)	(39,437)	0
Budget Basis	(\$415,310)	(\$151,897)	\$22,436	(\$4,000)

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

Net Income/Excess of Revenues Over (Under) Expenses and Transfers Enterprise Fund and Nonexpendable Trust Fund	Enterprise	Nonexpendable Trust
GAAP Basis	\$11,263	\$20,752
Revenue Accruals	0	(2,837)
Expense Accruals	(4,914)	0
Depreciation Expense	1,144	0
Capital Outlay	(6,603)	0
Encumbrances	(2,669)	0
Budget Basis	(\$1,779)	\$17,915

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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the 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) 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);
7. Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase 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, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

At fiscal year end, the School District had \$975 undeposited cash on hand. This is included in Equity and Pooled Cash and Cash Equivalents on the balance sheet in the general fund.

The following information classifies deposits and investments by categories of risk as defined in *GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements"*.

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$309,684 and the bank balance was \$435,499. Of the bank balance, \$200,000 was covered by federal depository insurance and \$235,499 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investments in STAROhio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	<u>Fair Value</u>
STAROhio	<u><u>\$599,901</u></u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in *GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."*

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per *GASB Statement No. 3* is as follows:

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$910,560	\$0
Investments:		
Cash on Hand	(975)	0
STAROhio	(599,901)	599,901
<i>GASB Statement No. 3</i>	\$309,684	\$599,901

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, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001 on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 6 - PROPERTY TAXES (continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$78,130,030	75.59%	\$79,654,930	76.96%
Public Utility	18,956,940	18.34%	18,162,390	17.55%
Tangible Personal Property	<u>6,276,330</u>	<u>6.07%</u>	<u>5,679,710</u>	<u>5.49%</u>
Total Assessed Value	<u><u>\$103,363,300</u></u>	<u><u>100.00%</u></u>	<u><u>\$103,497,030</u></u>	<u><u>100.00%</u></u>
Tax rate per \$1,000 of assessed valuation	\$29.91		\$29.91	

The School District receives property taxes from Scioto 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, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2001, was \$158,251 in the General Fund and \$3,456 in the Permanent Improvement Capital Projects Fund.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accrued interest, interfund, 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.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Special Revenue Funds:	
Title I	\$31,268
Title VI-R	3,884
	<u>3,884</u>
Total Intergovernmental Receivables	<u>\$35,152</u>

NOTE 8 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$69,653
Less Accumulated Depreciation	<u>(52,839)</u>
Net Fixed Assets	<u>\$16,814</u>

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$48,751	\$6,522	\$0	\$55,273
Buildings and Improvements	5,106,846	18,529	0	5,125,375
Furniture, Fixtures and Equipment	1,944,699	238,171	27,877	2,154,993
Vehicles	775,151	81,222	17,890	838,483
Textbooks	<u>455,353</u>	<u>0</u>	<u>0</u>	<u>455,353</u>
Total General Fixed Assets	<u>\$8,330,800</u>	<u>\$344,444</u>	<u>\$45,767</u>	<u>\$8,629,477</u>

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Wausau Insurance Company for liability insurance and Auto-Owners Insurance Company for property and fleet insurance and inland marine coverage. Coverage provided by Wausau Insurance and Auto-Owners Insurance is as follows:

Building and Contents-replacement cost (\$500 deductible)	\$20,302,984
Electronic Data Processing (\$250 deductible)	\$1,245,588
Equipment In Transit	\$25,000
Inland Marine Coverage (\$100 deductible)	\$104,317
Boiler and Machinery (\$500 deductible)	no limit
Automobile Liability	\$1,000,000
General Liability	
Per occurrence	\$2,000,000
Total per year	\$5,000,000

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

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). 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 Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The School District is a member of the Scioto County Schools Council, a public entity shared risk pool (Note 17), offering employee medical and dental insurance to participating school districts within the county. Monthly premiums are paid to the South Central Ohio Educational Service Center as fiscal agent, who in turns pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon a school districts termination from the Council, the Council shall have no obligation to the school district beyond paying claims incurred prior to termination and any applicable extended benefits that were provided under the plan. All claims and expenses shall be paid from the funds of the Council.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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 and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 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 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$34,492, \$38,192, and \$61,466, respectively; 31 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$23,764 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$462,428, \$262,299, and \$213,435, respectively; 84 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$73,981 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$219,045 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$82,766.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 205 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

B. Life Insurance

The School District provides life insurance to most employees through Great American Reserve.

C. Special Termination Benefit Payable

Employees eligible to retire are given a special termination benefit. A bargaining unit employee who becomes eligible under the Ohio Revised Code Section 3307.38 for and elects to take service retirement through STRS in the first year in which they become eligible to retire was entitled to receive a one-time lump-sum payment of \$4,500 less payroll withholdings, to be paid no later than the second payroll in August 2001. For any employee who did not elect to accept the retirement incentive when he/she was first eligible, a one-time lump-sum payment of \$2,250 less payroll withholdings, is to be paid no later than the second payroll in August 2001. For fiscal year ending June 30, 2001, three individuals retired who were eligible and did receive the \$4,500 bonus and two individuals retired who were eligible and did receive the \$2,250 bonus. All eligible employees were completely paid by June 30.

D. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
Tax Refund Payable	\$88,801	\$0	\$33,302	\$55,499
Pension Obligation	54,908	57,752	54,908	57,752
Compensated Absences	378,991	37,188	0	416,179
Total General Long-Term Obligations	<u>\$522,700</u>	<u>\$94,940</u>	<u>\$88,210</u>	<u>\$529,430</u>

Based on a March 26, 1997 decision by the Ohio State Supreme Court, the School District is required to refund public utility property taxes collected for 1992 through 1996 tax years to Texas Eastern Transmission Corporation. The liability is being paid from the General and Permanent Improvement Capital Projects Funds through reductions in tax settlements. No interest will be charged on the liability for the 1992 through 1996 tax years.

Per discussion with the Scioto County Auditor, the amount of principal repaid every year will vary due to variations in tax valuations. Since this amount will vary, no future debt payment schedule can be established.

Compensated absences and the pension obligation will be paid from the funds from which the employees' salaries are paid.

The School District's overall legal debt margin was \$9,314,733 with an unvoted debt margin of \$103,497 at June 30, 2001.

NOTE 14 - INTERFUND RECEIVABLES / PAYABLES

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

	Receivables	Payables
General Fund	\$1,190	\$0
Special Revenue Fund:		
Other Grants	0	1,150
Capital Projects Fund:		
Emergency Building Repairs	0	40
Total All Funds	<u>\$1,190</u>	<u>\$1,190</u>

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 15 - JOINTLY GOVERNED ORGANIZATION

South Central Ohio Computer Association - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, and one representative from the fiscal agent. The School District paid SCOCA \$6,308 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P.O.Box 577, 175 Beaver Creek Road, Picketon, Ohio 45661.

NOTE 16 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 17 - PUBLIC ENTITY SHARED RISK POOL

Scioto County Schools Council - The School District is a member of the Scioto County Schools Council, a public entity shared risk pool. Several Scioto County school districts have entered into an agreement with the South Central Ohio Educational Service Center to form the Scioto County Schools Council. The overall objectives of the council are to formulate and administer a program of health insurance for the benefit of the council members' employees and their dependents, to obtain lower costs for health coverage, and to secure cost control by implementing a program of comprehensive loss control. The Council's business and affairs are managed by a Board of Directors, consisting of the superintendents from each of the participating school districts. The School District pays premiums based on what the Council estimates will cover the costs of all claims for which the Council is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Council views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the fiscal agent, South Central Ohio Educational Service Center at Fourth and Court Streets, Portsmouth, Ohio 45662.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 18 - SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by 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.

For fiscal year ended June 30, 2001, the School District was no longer required to set aside funds in the budget reserve set-aside, with the exception of monies received from the Bureau of Workers' Compensation, which must be retained for budget stabilization or spent for specified purposes.

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

	<u>Budget Stabilization</u>	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Cash Balance as of June 30, 2000	\$106,704	\$21,716	\$9,012
Current year set-aside requirement	0	168,901	168,901
Reduction in Requirement based on revised Legislation	(64,921)	0	0
Current year offsets	0	0	(45,700)
Qualifying disbursements	0	(122,467)	(129,279)
Set-aside Cash Balance as of June 30, 2001	<u>\$41,783</u>	<u>\$68,150</u>	<u>\$2,934</u>

The total reserve balance for the three set-asides at the end of the fiscal year was \$112,867.

NOTE 19 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. Litigation

The School District is currently not party to any legal proceedings.

Wheelersburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the School District has implemented *GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions,”* and *GASB Statement No. 36, “Recipient Reporting for Certain Shared Nonexchange Revenues,”* which changes how the School District reports certain types of revenues. The implementation of these pronouncements resulted in no change to the prior year’s ending fund balances/retained earnings.

NOTE 21 - SUBSEQUENT EVENT

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of February 8, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts.

Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the School Districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**WHEELERSBURG LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$13,095		\$13,197
National School Lunch Program	LL-P1/P4 00/01	10.555	86,943		86,943	
Total United States Department of Agriculture - Nutrition Cluster			86,943	13,095	86,943	13,197
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States Title VI B	6B-SF 00	84.027	73,788		73,788	
Title 1 Grants to Local Educational Agencies	C1-S1 01	84.010	382,120		401,825	
Safe and Drug Free Schools and Communities State Grant	DR-S1 01	84.186	6,604		6,604	
Goals 2000 State and Local Education Systemic Improvement	G2-S2 00/01	84.276	27,000		8,713	
Eisenhower Professional Development	MS-S1 01	84.281	9,252		13,062	
Innovative Educational Program Strategies	C2-S1 01	84.298	7,881		8,985	
Technology Literacy Challenge Fund Grant	TF-41/42/43 00 TF-VM 99	84.318	154,658		163,567	
Class Size Reduction Grant	CR-S1 01	84.340	55,824		58,065	
Total United States Department of Education			717,127		734,609	
Total Federal Awards Receipts and Expenditures			804,070	13,095	821,552	13,197

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.

**WHEELERSBURG LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes the activity of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the School District had no significant food commodities in inventory.



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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Wheelersburg Local School District
Scioto County
P.O. Box 340
Wheelersburg, Ohio 45694

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Wheelersburg Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated January 25, 2002, wherein we noted the School District adopted Government Accounting Statement Nos. 33 and 36. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated January 25, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 25, 2002.

Wheelersburg Local School District
Scioto County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 25, 2002



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Wheelersburg Local School District
Scioto County
P.O. Box 340
Wheelersburg, Ohio 45694

To the Board of Education:

Compliance

We have audited the compliance of the Wheelersburg Local School District, Scioto County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The School District's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we considered to be material weaknesses.

This report is intended for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 25, 2002

**WHEELERSBURG LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I, Grants to Local Educational Agencies, CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



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WHEELERSBURG LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 26, 2002**