



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Wheelersburg Local School District
Scioto County

Single Audit

For the Year Ended June 30, 2011
Fiscal Year Audited Under GAGAS: 2011

bhs

Circleville

Ironton

Piketon

Wheelersburg

Worthington



Dave Yost • Auditor of State

Board of Education
Wheelersburg Local School District
P.O. Box 340
Wheelersburg, Ohio 45694

We have reviewed the *Independent Auditor's Report* of the Wheelersburg Local School District, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Wheelersburg Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

April 4, 2012

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Wheelersburg Local School District
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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Independent Auditor's Report

Members of the Board of Education
Wheelersburg Local School District
P.O. Box 340
Wheelersburg, OH 45694

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheelersburg Local School District, Scioto County, Ohio (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheelersburg Local School District, Scioto County, Ohio as of June 30, 2011, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

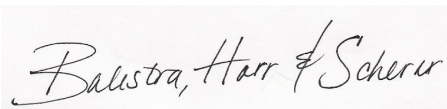
In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Members of the Board of Education
Wheelersburg Local School District
Independent Auditor's Report
Page 2

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

As described in Note 19, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.



Balestra, Harr & Scherer, CPAs, Inc.
January 20, 2012

Wheelersburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

The discussion and analysis of the Wheelersburg Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- In total, net assets of governmental activities decreased \$266,516, which represented an insignificant change from the prior fiscal year.
- General revenues accounted for \$11,061,201. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$5,153,469 of total revenues of \$16,214,670.
- The School District had \$16,481,186 in expenses related to governmental activities; only \$5,153,469 of these expenses were offset by program specific charges for services and sales, grants, contributions, and interest. General revenues (primarily grants and entitlements and property taxes) of \$11,061,201 were not adequate to provide for these programs.

Using the Basic Financial Statements

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

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other nonmajor funds presented in total in one column. The most significant funds for the Wheelersburg Local School District are the General Fund, Bond Retirement Debt Service Fund, and Construction Capital Projects Fund.

Wheelersburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Reporting the School District as a Whole

One of the most important questions asked about the School District is “How did we do financially during fiscal year 2011?” The Statement of Net Assets and the Statement of Activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year’s revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the School District has only one kind of activity: governmental activities. Governmental activities report all of the School District’s educational programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page eight. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds.

Wheelersburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

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

Fiduciary Funds - The School District's fiduciary funds are two private purpose trust funds and one agency fund. The School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the accrual basis of accounting.

The School District as a Whole

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

Wheelersburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Table 1 provides a summary of the School District's net assets for fiscal years 2011 and 2010:

	Table 1		Increase (Decrease)
	Net Assets		
	Governmental Activities		
	2011	2010	
<u>Assets:</u>			
Current Assets	\$9,498,627	\$8,547,104	\$951,523
Capital Assets, Net	36,148,969	37,211,208	(1,062,239)
<i>Total Assets</i>	<u>45,647,596</u>	<u>45,758,312</u>	<u>(110,716)</u>
<u>Liabilities:</u>			
Other Liabilities	4,851,719	4,599,531	252,188
Long-Term Liabilities	10,314,737	10,411,125	(96,388)
<i>Total Liabilities</i>	<u>15,166,456</u>	<u>15,010,656</u>	<u>155,800</u>
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	26,951,131	28,284,092	(1,332,961)
Restricted	3,243,824	1,720,883	1,522,941
Unrestricted	286,185	742,681	(456,496)
<i>Total Net Assets</i>	<u>\$30,481,140</u>	<u>\$30,747,656</u>	<u>(\$266,516)</u>

Overall, a decrease of \$110,716 occurred within Total Assets when compared to the prior fiscal year. While there was a large decrease in Capital Assets, Net due to annual depreciation exceeding current year activity, Taxes Receivable increased due to a property reappraisal. There was also an increase in Intergovernmental Receivables due to the Education Jobs Grant and the Race to the Top Grant.

Total Liabilities increased \$155,800 for fiscal year 2011 when compared to the prior fiscal year. This is primarily the result of an increase in Deferred Revenue due to the increase in Property Taxes Receivable.

Wheelersburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Invested in Capital Assets, Net of Related Debt decreased \$1,332,961. This is due primarily to the School District's annual depreciation expense being significantly greater than current fiscal year additions.

Restricted Net Assets, experienced a significant increase of \$1,522,941 when compared to the prior fiscal year. When examining the individual components of Restricted Net Assets, those restricted for debt service increased an insignificant amount. Restricted Net Assets for Capital Outlay increased due to the School District receiving a grant from the Ohio School Facilities Commission to replace the flashing around the roof of the new school building. The flashing had been installed incorrectly which caused leaks when it rained. Restricted Net Assets for Other Purposes increased due to the School District receiving the Education Jobs Grant and the Race to the Top Grant for the fiscal year.

On the other hand, Unrestricted Net Assets decreased \$456,496 mainly due to a decrease in State funding and an increase in salaries and benefits.

Table 2 shows the changes in net assets for fiscal years 2011 and 2010.

Table 2
Change in Net Assets

	Governmental Activities		Increase/ (Decrease)
	2011	2010	
<u>Revenues:</u>			
Program Revenues:			
Charges for Services and Sales	\$2,483,524	\$2,423,657	\$59,867
Operating Grants, Contributions and Interest	2,654,945	2,207,340	447,605
Capital Grants and Contributions	15,000	31,295	(16,295)
<i>Total Program Revenues</i>	<u>5,153,469</u>	<u>4,662,292</u>	<u>491,177</u>
General Revenues:			
Property Taxes	3,439,245	3,373,415	65,830
Grants and Entitlements not Restricted to Specific Programs	7,533,903	6,997,694	536,209
Contributions and Donations	4,916	2,816	2,100
Investment Earnings	34,470	78,189	(43,719)
Insurance Recoveries	0	25,000	(25,000)
Miscellaneous	48,667	62,709	(14,042)
<i>Total General Revenues</i>	<u>11,061,201</u>	<u>10,539,823</u>	<u>521,378</u>
<i>Total Revenues</i>	<u>\$16,214,670</u>	<u>\$15,202,115</u>	<u>\$1,012,555</u>

(continued)

Wheelersburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Table 2
Change in Net Assets
(continued)

	Governmental Activities		Increase/ (Decrease)
	2011	2010	
<u>Program Expenses:</u>			
Instruction:			
Regular	\$7,888,348	\$7,628,491	\$259,857
Special	1,435,401	1,578,345	(142,944)
Vocational	5,525	5,192	333
Student Intervention Services	19,325	29,553	(10,228)
Support Services:			
Pupils	767,067	710,335	56,732
Instructional Staff	901,271	942,347	(41,076)
Board of Education	87,536	74,055	13,481
Administration	1,105,160	1,059,966	45,194
Fiscal	386,446	375,436	11,010
Operation and Maintenance of Plant	1,434,823	1,168,614	266,209
Pupil Transportation	537,044	538,937	(1,893)
Central	117,452	111,775	5,677
Operation of Non-Instructional Services:			
Food Service Operations	610,026	500,741	109,285
Other	155,995	199,765	(43,770)
Extracurricular Activities	604,960	588,943	16,017
Interest and Fiscal Charges	424,807	431,376	(6,569)
<i>Total Expenses</i>	<u>16,481,186</u>	<u>15,943,871</u>	<u>537,315</u>
<i>Change in Net Assets</i>	(266,516)	(741,756)	475,240
<i>Net Assets at Beginning of Year</i>	<u>30,747,656</u>	<u>31,489,412</u>	<u>(741,756)</u>
<i>Net Assets at End of Year</i>	<u><u>\$30,481,140</u></u>	<u><u>\$30,747,656</u></u>	<u><u>(\$266,516)</u></u>

Program revenues, which are primarily represented by tuition and fees, charges for extracurricular activities, food service sales, and restricted intergovernmental revenues, were \$5,153,469 of total revenues for fiscal year 2011 and varied significantly from fiscal year 2010. This was primarily the result of the School District receiving the Education Jobs Grant and the Race to the Top Grant.

Wheelersburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

As stated previously, general revenues represent \$11,061,201 of the School District's total revenues, and increased significantly when compared to the prior fiscal year. The changes in the individual components of general revenues were insignificant except for grants and entitlements not restricted to specific programs which increased \$536,209 from fiscal 2010 to fiscal year 2011. This was due mainly to the receipt of the Ohio School Facilities Commission grant for the Through Wall Flashing Corrective Project. Other revenue sources, such as contributions and donations, are insignificant and somewhat unpredictable revenue sources.

The major program expense for governmental activities, as expected, is for instruction, which accounts for \$9,348,599 of all governmental expenses. A comparison to the prior fiscal year demonstrates the most significant change to be in regular instruction, which increased \$259,857 from fiscal year 2010. This was mainly due to increases in salaries and benefits of teachers. The instruction category, however, does not include all activities associated with educating students as the pupils, instructional staff, and pupil transportation costs have a significant role in delivering education. In the support services expenses, operation and maintenance of plant experienced the largest change, which increased \$266,209. The increase was mostly due to expenses for the Through Wall Flashing Corrective Project, which were not capitalized since this was repair work.

The School District's Funds

Information about the School District's most significant funds starts on page 14. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$15,666,357 and expenditures of \$15,726,504. The net change in fund balance for the fiscal year was most significant in the General Fund with a decrease of \$503,856. This decrease was mainly due to a decrease in State funding and an increase in salaries and benefits.

The Construction Capital Projects Fund had a net fund balance increase of \$498,328. This was mainly due to the receipt of the Ohio School Facilities Commission grant for the Through Wall Flashing Corrective Project.

The Bond Retirement Debt Service Fund balance increased \$11,977, which is insignificant.

General Fund - Budget Highlights

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

During fiscal year 2011, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A review of the budgetary comparison statement for the General Fund reflects an increase of \$293,103 between the original budget and final budget revenues, which was most significant in intergovernmental revenue due to the

Wheelersburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

receipt of unanticipated revenues. For fiscal year 2011, there was a decrease between the final budget and actual revenues of \$19,135, which is insignificant.

The decrease in expenditures from the original to the final budget was \$78,673, which is insignificant. The decrease in expenditures from the final budget to actual expenditures was \$53,958, which is also insignificant.

Actual General Fund revenues and other financing sources were less than expenditures and other financing uses by \$298,206.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$36,148,969 invested in capital assets (net of accumulated depreciation), a decrease of \$1,062,239. Additions to capital assets included construction in progress related to the athletic complex project, parking lot and sidewalk paving, various maintenance equipment, routine computer and computer related purchases, a utility vehicle, and other educational equipment. Disposals for the fiscal year included various maintenance equipment and routine computer and computer related items. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2011, the School District had outstanding general obligation bonds in the amount of \$8,901,116, for the purpose of retiring the Classroom Facilities Bond Anticipation Notes issued December 28, 2004. The Classroom Facilities Bond Anticipation Notes were issued for the purpose of constructing a single campus facility. The bonds were issued for a 27 year period, with final maturity in fiscal year 2033. The School District also had an outstanding lease-purchase agreement for constructing its new facility in the amount of \$430,000, a lease-purchase agreement for constructing the new athletic complex in the amount of \$2,500,000 and a lease for copiers in the amount of \$36,296. For fiscal year 2011, the School District is only reporting \$172,258 of the lease-purchase for the athletic complex as a liability because that is total amount received by the School District during fiscal year 2011. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Note 15 to the basic financial statements.

Wheelersburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Current Issues

The Wheelersburg Local School District houses all its students on one campus in a beautiful new building recently opened in August 2008.

For the 2010-2011 school year, the School District was rated by the Ohio Department of Education as an Excellent School District, having satisfied all 26 indicators, which are based on State assessments, student attendance and the high school graduation rate. In four of the five past fiscal years, the School District has been rated Excellent. In addition, the High School, Middle School and Elementary School each achieved the rating of Excellent. The School District also met federal annual yearly progress requirements and increased its state Performance Index to 102.3.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. George Grice, Treasurer, at Wheelersburg Local School District, P.O. Box 340, Wheelersburg, Ohio 45694, or via e-mail at georgeg@scoca-k12.org.

BASIC FINANCIAL STATEMENTS

Wheelersburg Local School District

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$4,947,961
Cash and Cash Equivalents with Escrow Agent	48,234
Investments with Fiscal Agent	37,122
Materials and Supplies Inventory	23,547
Accrued Interest Receivable	14,686
Intergovernmental Receivable	639,242
Prepaid Items	15,461
Property Taxes Receivable	3,648,424
Deferred Charges	123,950
Capital Assets:	
Land and Construction in Progress	1,073,558
Depreciable Capital Assets, Net	<u>35,075,411</u>
<i>Total Assets</i>	<u>45,647,596</u>
<u>Liabilities:</u>	
Accounts Payable	298,497
Accrued Wages and Benefits Payable	1,145,979
Retainage Payable	48,234
Intergovernmental Payable	336,001
Accrued Interest Payable	33,813
Deferred Revenue	2,989,195
Long-Term Liabilities:	
Due Within One Year	383,708
Due In More Than One Year	<u>9,931,029</u>
<i>Total Liabilities</i>	<u>15,166,456</u>
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	26,951,131
Restricted for:	
Debt Service	448,103
Capital Projects	1,647,412
Education Jobs Grant	399,662
Other Purposes	748,647
Unrestricted	<u>286,185</u>
<i>Total Net Assets</i>	<u><u>\$30,481,140</u></u>

See accompanying notes to the basic financial statements

Wheelersburg Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$7,888,348	\$1,775,041	\$623,154	\$0	(\$5,490,153)
Special	1,435,401	71,275	1,119,786	0	(244,340)
Vocational	5,525	0	5,458	0	(67)
Student Intervention Services	19,325	0	0	0	(19,325)
Support Services:					
Pupils	767,067	24,039	192,814	0	(550,214)
Instructional Staff	901,271	0	169,570	0	(731,701)
Board of Education	87,536	0	0	0	(87,536)
Administration	1,105,160	0	0	0	(1,105,160)
Fiscal	386,446	0	0	0	(386,446)
Operation and Maintenance of Plant	1,434,823	76	11,027	0	(1,423,720)
Pupil Transportation	537,044	0	11,572	0	(525,472)
Central	117,452	0	0	0	(117,452)
Operation of Non-Instructional Services:					
Food Service Operations	610,026	245,140	338,843	0	(26,043)
Other	155,995	42,250	108,973	0	(4,772)
Extracurricular Activities	604,960	325,703	73,748	15,000	(190,509)
Interest and Fiscal Charges	424,807	0	0	0	(424,807)
Total Governmental Activities	\$16,481,186	\$2,483,524	\$2,654,945	\$15,000	(11,327,717)

General Revenues:

Property Taxes Levied for:	
General Purposes	2,636,234
Debt Service	591,293
Capital Outlay	157,345
Facility Maintenance	54,373
Grants and Entitlements not Restricted to Specific Programs	7,533,903
Contributions and Donations	4,916
Investment Earnings	34,470
Miscellaneous	48,667
Total General Revenues	11,061,201
Change in Net Assets	(266,516)
Net Assets at Beginning of Year	30,747,656
Net Assets at End of Year	\$30,481,140

See accompanying notes to the basic financial statements

Wheelersburg Local School District

Balance Sheet
Governmental Funds
June 30, 2011

	General	Bond Retirement	Construction	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$1,753,335	\$612,894	\$1,129,095	\$1,436,343	\$4,931,667
Receivables:					
Property Taxes	2,798,012	592,430	0	257,982	3,648,424
Intergovernmental	0	0	0	639,242	639,242
Accrued Interest	14,686	0	0	0	14,686
Interfund	69,331	0	0	0	69,331
Prepaid Items	13,562	0	0	1,899	15,461
Materials and Supplies Inventory	23,547	0	0	0	23,547
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	16,294	0	0	0	16,294
Cash and Cash Equivalents with Escrow Agent	0	0	48,234	0	48,234
Investments with Fiscal Agent	0	0	37,122	0	37,122
Total Assets	\$4,688,767	\$1,205,324	\$1,214,451	\$2,335,466	\$9,444,008
<u>Liabilities:</u>					
Accounts Payable	\$57,978	\$0	\$208,323	\$32,196	\$298,497
Accrued Wages and Benefits Payable	940,306	0	0	205,673	1,145,979
Retainage Payable from Restricted Assets	0	0	48,234	0	48,234
Intergovernmental Payable	289,306	0	0	46,695	336,001
Interfund Payable	0	0	30,000	39,331	69,331
Deferred Revenue	2,572,608	547,289	0	761,781	3,881,678
Total Liabilities	3,860,198	547,289	286,557	1,085,676	5,779,720
<u>Fund Balances:</u>					
Nonspendable	37,109	0	0	1,899	39,008
Restricted	16,294	658,035	927,894	1,296,918	2,899,141
Committed	145,874	0	0	0	145,874
Assigned	127,685	0	0	0	127,685
Unassigned (Deficit)	501,607	0	0	(49,027)	452,580
Total Fund Balances	828,569	658,035	927,894	1,249,790	3,664,288
Total Liabilities and Fund Balances	\$4,688,767	\$1,205,324	\$1,214,451	\$2,335,466	\$9,444,008

See accompanying notes to the basic financial statements

Wheelersburg Local School District
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2011

Total Governmental Fund Balances \$3,664,288

*Amounts reported for governmental activities in the
 Statement of Net Assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	931,568	
Construction in progress	141,990	
Other capital assets	41,359,213	42,290,781
Accumulated depreciation	<u>(6,283,802)</u>	
Total capital assets		36,148,969

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Delinquent property taxes	366,807	
Intergovernmental	523,606	
Investment earnings	<u>2,070</u>	
		892,483

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis. 123,950

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(8,665,000)	
Bond premium	(236,116)	
Accrued interest on bonds	(33,813)	
Capital leases	(638,554)	
Compensated absences	<u>(775,067)</u>	
Total liabilities		<u>(10,348,550)</u>

Net Assets of Governmental Activities \$30,481,140

See accompanying notes to the basic financial statements

30,481,140 from stmt activity

0 difference

Wheelersburg Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Bond Retirement	Construction	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Property Taxes	\$2,566,368	\$585,834	\$0	\$194,968	\$3,347,170
Intergovernmental	6,612,241	85,538	708,000	2,236,005	9,641,784
Investment Earnings	36,559	0	1,483	13,506	51,548
Tuition and Fees	1,846,316	0	0	0	1,846,316
Extracurricular Activities	24,039	0	0	325,703	349,742
Rentals	76	0	0	0	76
Customer Sales and Service	0	0	0	287,390	287,390
Contributions and Donations	3,916	0	0	89,748	93,664
Miscellaneous	48,667	0	0	0	48,667
Total Revenues	11,138,182	671,372	709,483	3,147,320	15,666,357
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	6,482,827	0	0	687,803	7,170,630
Special	666,918	0	0	630,192	1,297,110
Vocational	5,525	0	0	0	5,525
Student Intervention Services	19,204	0	0	0	19,204
Support Services:					
Pupils	567,220	0	0	199,268	766,488
Instructional Staff	588,681	0	0	166,136	754,817
Board of Education	87,536	0	0	0	87,536
Administration	1,017,513	0	0	16,435	1,033,948
Fiscal	314,208	14,757	0	17,806	346,771
Operation and Maintenance of Plant	1,024,255	0	208,323	79,050	1,311,628
Pupil Transportation	475,814	0	0	0	475,814
Central	117,436	0	0	0	117,436
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	562,766	562,766
Other	0	0	0	151,644	151,644
Extracurricular Activities	202,599	0	0	376,822	579,421
Capital Outlay	1,030	0	2,832	315,626	319,488
Debt Service:					
Principal Retirement	53,000	235,000	0	7,667	295,667
Interest and Fiscal Charges	18,272	409,638	0	2,701	430,611
Total Expenditures	11,642,038	659,395	211,155	3,213,916	15,726,504
Excess of Revenues Over (Under) Expenditures	(503,856)	11,977	498,328	(66,596)	(60,147)
<u>Other Financing Sources:</u>					
Inception of Capital Leases	0	0	0	216,221	216,221
Net Change in Fund Balances	(503,856)	11,977	498,328	149,625	156,074
Fund Balances at Beginning of Year - Restated (See Note 19)	1,332,425	646,058	429,566	1,100,165	3,508,214
Fund Balances at End of Year	\$828,569	\$658,035	\$927,894	\$1,249,790	\$3,664,288

See accompanying notes to the basic financial statements

Wheelersburg Local School District
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds \$156,074

**Amounts reported for governmental activities in the
 Statement of Activities are different because:**

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	284,019	
Construction in progress additions	141,990	
Depreciation expense	<u>(1,478,056)</u>	
Excess of capital outlay under depreciation expense		(1,052,047)

Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale.

Loss on disposal of capital assets		(10,192)
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Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Delinquent property taxes	92,075	
Intergovernmental	470,741	
Investment earnings	<u>(14,503)</u>	
		548,313

Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets the lease obligation is reported as a liability.

		(216,221)
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current fiscal year, these amounts consist of:

Bond payments	235,000	
Capital lease payments	<u>60,667</u>	
		295,667

Governmental funds report premiums and bond issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Amortization of bond issuance costs	(5,699)	
Amortization of bond premium	<u>10,856</u>	
		5,157

Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences payable	6,086	
Decrease in accrued interest payable	<u>647</u>	
Total (increase)/decrease		<u>6,733</u>

Change in Net Assets of Governmental Activities (\$266,516)

See accompanying notes to the basic financial statements

Wheelersburg Local School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$2,515,067	\$2,582,868	\$2,585,944	\$3,076
Intergovernmental	6,452,609	6,626,559	6,616,222	(10,337)
Investment Earnings	69,274	71,142	68,907	(2,235)
Tuition and Fees	1,803,576	1,852,197	1,846,316	(5,881)
Rentals	195	200	76	(124)
Extracurricular Activities	24,822	25,491	24,039	(1,452)
Contributions and Donations	4,577	4,700	3,916	(784)
Miscellaneous	2,434	2,500	1,102	(1,398)
<i>Total Revenues</i>	10,872,554	11,165,657	11,146,522	(19,135)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,559,373	6,493,404	6,477,992	15,412
Special	663,502	672,913	678,802	(5,889)
Vocational	5,458	5,458	5,458	0
Student Intervention Services	35,683	24,283	19,161	5,122
Support Services:				
Pupils	484,062	568,183	567,049	1,134
Instructional Staff	582,140	592,988	583,990	8,998
Board of Education	93,465	91,835	95,583	(3,748)
Administration	1,031,797	1,024,649	1,024,718	(69)
Fiscal	351,026	333,060	319,323	13,737
Operation and Maintenance of Plant	1,184,924	1,100,762	1,093,956	6,806
Pupil Transportation	512,927	518,432	513,847	4,585
Central	119,427	118,994	117,457	1,537
Extracurricular Activities	219,144	219,144	212,559	6,585
Capital Outlay	900	1,050	1,030	20
Debt Service:				
Principal Retirement	53,000	53,000	53,000	0
Interest and Fiscal Charges	18,000	18,000	18,272	(272)
<i>Total Expenditures</i>	11,914,828	11,836,155	11,782,197	53,958
Excess of Revenues Over (Under) Expenditures	(1,042,274)	(670,498)	(635,675)	34,823
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	47,000	47,565	565
Transfers In	430,035	430,035	391,047	(38,988)
Transfers Out	(410,035)	(401,035)	(391,047)	9,988
Advances In	326,235	326,235	296,235	(30,000)
Advances Out	(5,000)	(5,000)	(6,331)	(1,331)
<i>Total Other Financing Sources (Uses)</i>	341,235	397,235	337,469	(59,766)
<i>Net Change in Fund Balance</i>	(701,039)	(273,263)	(298,206)	(24,943)
<i>Fund Balance at Beginning of Year</i>	1,723,783	1,723,783	1,723,783	0
<i>Prior Year Encumbrances Appropriated</i>	153,435	153,435	153,435	0
<i>Fund Balance at End of Year</i>	\$1,176,179	\$1,603,955	\$1,579,012	(\$24,943)

See accompanying notes to the basic financial statements

Wheelersburg Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	Private Purpose Trust	Agency
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$362,978	\$33,042
<u>Liabilities:</u>		
Undistributed Monies	0	\$33,042
<u>Net Assets:</u>		
Held in Trust for Scholarships	\$362,978	

See accompanying notes to the basic financial statements

Wheelersburg Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust
	Scholarships
<u>Additions:</u>	
Contributions and Donations	\$27,194
<u>Deductions:</u>	
Payments in Accordance with Trust Agreements	20,985
<i>Change in Net Assets</i>	6,209
<i>Net Assets at Beginning of Year</i>	356,769
<i>Net Assets at End of Year</i>	\$362,978

See accompanying notes to the basic financial statements

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

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 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 most of Porter Township. It is staffed by 52 non-certificated employees, 100 certificated full-time teaching personnel and eight administrative employees who provide services to 1,540 students and other community members. The School District currently operates one instructional building, 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 ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the 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 School District participates in five organizations, two of which are defined as a jointly governed organizations, two as insurance purchasing pools, and one as a public entity shared risk pool. These organizations are presented in Note 17 to the basic financial statements. These organizations are:

Jointly Governed Organization:

South Central Ohio Computer Association
Metropolitan Educational Council

Insurance Purchasing Pools:

Ohio School Plan
Ohio SchoolComp Group Retrospective Rating Program

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY
(continued)

Public Entity Shared Risk Pool:
Scioto County Schools Council

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 governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements normally distinguish between those activities of the School District that are governmental and those that are considered business-type activities. However, the School District has no business-type activities.

The Statement of Net Assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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.

Bond Retirement Fund - The Bond Retirement Debt Service Fund is established to account for the accumulation of resources for, and the payment of, general obligation bond principal and interest.

Construction Fund - The Construction Capital Projects Fund is used to account for all intergovernmental monies, debt proceeds and interest received and expended in connection with the contracts entered into by the School District and the Ohio School Facilities Commission for the building and equipping of new classroom facilities.

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

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

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

The private purpose trust funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and fiduciary fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible 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 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). 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 fiscal 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 for advance, grants, and interest.

Deferred Revenue

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, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Budgetary Process

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

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

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

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled for investment with the exception of lease proceeds related to the new facilities construction project. Monies for all other funds are maintained in the pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The School District has amounts in escrow accounts to hold retainage amounts still owed to contractors. These amounts are presented as "Restricted Assets: Cash and Cash Equivalents with Escrow Agent" on the financial statements. During fiscal year 2011, the School District utilized U.S. Bank National Association to hold the capital lease proceeds to be used for constructing its new facilities. The monies are presented as "Restricted Assets: Investments with Fiscal Agent" within the Construction Capital Projects Fund on the financial statements.

During fiscal year 2011, the School District's investments were limited to Federal National Mortgage Association Notes, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Notes, Federal Home Loan Bank Consolidation Bonds, U.S. Treasury Bills, and State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price.

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, 2011.

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 2011 amounted to \$36,559, which includes \$22,255 assigned from other School District funds.

For presentation on the financial statements, 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.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and purchased food held for resale.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, 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 fiscal year in which services are consumed.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent unspent grant proceeds required to be used by the School District for the purchase of buses. Restricted assets in the Construction Capital Projects Fund represent monies held in an escrow account that is still owed to contractors for work completed relating to the school construction project and cash received through the capital lease-purchase agreement related to constructing the School District's new facility.

Capital Assets

The School District's only capital assets are general capital assets that are associated with governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	30 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	5 - 12 years
Textbooks	10 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable” and “Interfund Payable”. These amounts are eliminated in the governmental activities column of the Statement of Net Assets.

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. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination 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.

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

Bond Premiums/Unamortized Issuance Costs

For governmental activities, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an addition to the face amount of the bond payable whereas issuance costs are presented as Deferred Charges.

On the governmental fund financial statements, the amortization of bond premiums are reported as an Other Financing Source and issuance costs are reported as an expenditure in the fiscal year in which the bonds are issued.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Internal Activity

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

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

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and music and athletic programs, donations received for athletic stadium renovations, property tax revenues received for the maintenance of facilities, and federal and State grants restricted to expenditures for specified purposes.

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

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

NOTE 3 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Construction	Other Governmental Funds	Total
<i>Nonspendable</i>					
Prepays	\$13,562	\$0	\$0	\$1,899	\$15,461
Inventory	23,547	0	0	0	23,547
<i>Total Nonspendable</i>	37,109	0	0	1,899	39,008
<i>Restricted for</i>					
Bus Purchases	16,294	0	0	0	16,294
Debt Payment	0	658,035	0	0	658,035
Food Service Operations	0	0	0	48,435	48,435
Athletics	0	0	0	76,436	76,436
Education Jobs	0	0	0	47,563	47,563
Misc. State Grants	0	0	0	2,000	2,000
Misc. Federal Grants	0	0	0	14,932	14,932
Other Grants	0	0	0	230,875	230,875
Capital Improvements	0	0	927,894	664,536	1,592,430
Classroom Facilities	0	0	0	212,141	212,141
<i>Total Restricted</i>	16,294	658,035	927,894	1,296,918	2,899,141
<i>Committed to</i>					
Future Severance Payments	145,874	0	0	0	145,874
<i>Assigned to</i>					
Other Purposes	127,685	0	0	0	127,685
<i>Unassigned (Deficit)</i>	501,607	0	0	(49,027)	452,580
<i>Total Fund Balances</i>	\$828,569	\$658,035	\$927,894	\$1,249,790	\$3,664,288

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 4 – ACCOUNTABILITY

At June 30, 2011, the Public School Preschool, Race to the Top, Title VI-B, Education Stabilization, Title I, and Title II-A Special Revenue Funds and the Building Fund Capital Projects Fund had deficit fund balances of \$832, \$3,951, \$217, \$21,392, \$10,278, \$901, and \$11,456 respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
6. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING *(continued)*

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance	
GAAP Basis	(\$503,856)
Adjustments:	
Revenue Accruals	41,926
Expenditure Accruals	24,948
Unrecorded Cash - Fiscal Year 2011	(149)
Encumbrances	(165,107)
Advances	289,904
Net Increase in Fair Value of	
Investments - Fiscal Year 2010	39,489
Net Increase in Fair Value of	
Investments - Fiscal Year 2011	(25,361)
Budget Basis	(\$298,206)

NOTE 6 – DEPOSITS AND INVESTMENTS

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

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

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

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

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 6 – DEPOSITS AND INVESTMENTS *(continued)*

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$1,888,083 of the School District's bank balance of \$2,398,977 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 6 – DEPOSITS AND INVESTMENTS *(continued)*

The School District’s policy is to deposit monies with financial institutions that are able to abide by the laws governing insurance and the collateral of public funds. Ohio law requires that deposits either be insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments: As of June 30, 2011, the School District had the following investments. All investments are in an internal investment pool except those investments relating to the Construction Capital Projects Fund.

	Fair Value	Investment Maturities (in Years)		Call Date	S&P Rating	Percent of Total Investments
		Less than 1	1 - 4			
Federal National Mortgage Association Notes	\$1,852,376	\$0	\$1,852,376	----	AAA	60.83%
Federal Home Loan Bank Bonds	500,630	0	500,630	----	AAA	16.44%
Federal Home Loan Mortgage Notes	170,056	0	170,056	----	AAA	5.58%
Federal Home Loan Bank Consolidation Bonds	422,188	0	422,188	----	AAA	13.86%
US Treasury Bills	99,868	99,868	0	----	AAA	3.28%
STAROhio	286	286	0	----	AAA	0.01%
Totals	\$3,045,404	\$100,154	\$2,945,250			100.00%

Interest Rate Risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District’s investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. No investment shall be made unless the Treasurer, at the time of making the investment, reasonably expects it can be held to its maturity. Unless matched to a specific obligation or debt of the School District, the School District will not directly invest in securities maturing more than five years from the date of investment.

Credit Risk: The S&P rating of the School District’s investments are listed in the table above. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District’s investment policy limits investments to those authorized by State statute but does not specifically address credit risk.

Concentration of Credit Risk: The School District places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of the total investments is listed in the table above.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 7 – PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax 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 (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. 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.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien December 31, 2009, were levied after April 1, 2010, and are collected in calendar year 2011 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Scioto County. The Scioto 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, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2011, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011, was \$292,422 and is recognized as revenue: \$227,474 in the General Fund, \$45,141 in the Bond Retirement Debt Service Fund, and \$19,807 in the Other Governmental Funds. The amount available as an advance at June 30, 2010, was \$317,319 and was recognized as revenue: \$247,050 in the General Fund, \$59,816 in the Bond Retirement Debt Service Fund, and \$10,453 in the Other Governmental Funds.

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

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 7 – PROPERTY TAXES (continued)

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

	2010 Second- Half Collections		2011 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$128,259,540	92.16%	\$134,949,830	92.55%
Public Utility Personal	10,819,140	7.77%	10,868,380	7.45%
General Business Personal	98,590	0.07%	0	0.00%
<i>Total Assessed Value</i>	<u><u>\$139,177,270</u></u>	<u><u>100.00%</u></u>	<u><u>\$145,818,210</u></u>	<u><u>100.00%</u></u>
 Tax rate per \$1,000 of assessed valuation	 \$35.81		 \$34.81	

NOTE 8 – RECEIVABLES

Receivables at June 30, 2011, consisted of property taxes, intergovernmental grants, accrued interest, and interfund. 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. All receivable amounts are expected to be received within one year with the exception of delinquent property taxes. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities:</u>	
Title I	\$108,013
Special Education, Part B-IDEA	21,247
Title VI-B, Rural Education Initiative	16,164
Title II-A, Improving Teacher Quality	11,090
Early Childhood Education	9,004
Education Jobs Fund	413,801
National School Lunch and Breakfast Programs	2,361
Race to the Top	57,562
<i>Total Intergovernmental Receivables</i>	<u><u>\$639,242</u></u>

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 9 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2011, was as follows:

	Balance At 6/30/2010	Additions	Deletions	Balance At 6/30/2011
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$931,568	\$0	\$0	\$931,568
Construction in Progress	0	141,990	0	141,990
<i>Total Capital Assets Not Being Depreciated</i>	<u>931,568</u>	<u>141,990</u>	<u>0</u>	<u>1,073,558</u>
Depreciable Capital Assets:				
Land Improvements	659,425	90,342	0	749,767
Buildings and Improvements	36,693,311	0	0	36,693,311
Furniture, Fixtures and Equipment	2,319,684	188,615	(15,889)	2,492,410
Vehicles	963,310	5,062	0	968,372
Textbooks	455,353	0	0	455,353
<i>Total Depreciable Capital Assets</i>	<u>41,091,083</u>	<u>284,019</u>	<u>(15,889)</u>	<u>41,359,213</u>
Less Accumulated Depreciation:				
Land Improvements	(305,328)	(25,191)	0	(330,519)
Buldings and Improvements	(2,813,733)	(1,207,284)	0	(4,021,017)
Furniture, Fixtures and Equipment	(716,701)	(186,518)	5,697	(897,522)
Vehicles	(565,864)	(59,063)	0	(624,927)
Textbooks	(409,817)	0	0	(409,817)
<i>Total Accumulated Depreciation</i>	<u>(4,811,443)</u>	<u>(1,478,056) *</u>	<u>5,697</u>	<u>(6,283,802)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>36,279,640</u>	<u>(1,194,037)</u>	<u>(10,192)</u>	<u>35,075,411</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$37,211,208</u>	<u>(\$1,052,047)</u>	<u>(\$10,192)</u>	<u>\$36,148,969</u>

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 9 – CAPITAL ASSETS *(continued)*

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$791,842
Special	147,157
Student Intervention Services	121
Support Services:	
Pupils	1,539
Instructional Staff	144,945
Administration	83,109
Fiscal	37,172
Operation and Maintenance of Plant	139,610
Pupil Transportation	59,762
Operation of Non-Instructional Services	47,260
Extracurricular Activities	25,539
<i>Total Depreciation Expense</i>	<u><u>\$1,478,056</u></u>

NOTE 10 – RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District has joined with other school districts in Ohio to participate in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to Hylant Administrative Services, LLC (See Note 17).

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been a significant increase in insurance coverage from last fiscal year due to a more accurate reflection of the replacement cost of the buildings.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 10 – RISK MANAGEMENT *(continued)*

Employee Medical and Dental Benefits

The School District is a member of the Scioto County Schools Council, a public entity shared risk pool (Note 17), offering medical and dental insurance to the employees of participating school districts. 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 termination from the Council, for any reason, the School District shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the plan due up to the date of termination plus extended benefits, if any, provided under the plan. All claims and expenses shall be paid from the funds of the Council.

Workers' Compensation

For fiscal year 2011, the School District participated in the Ohio SchoolComp Group Retrospective Rating Program (GRRP), an insurance purchasing pool (See Note 17). The intent of the GRRP is to reward participants that are able to keep their claims costs below a predetermined amount. As part of the GRRP, school districts join together as a group. Each school district continues to pay its own individual premium to the State. However, each school district has the opportunity to receive retrospective premium adjustments (refunds or assessments) at 12, 24, and 36 months after the end of the policy year. At the end of each policy year, the Bureau of Workers' Compensation (BWC) will take a snap-shot of the incurred claims losses (indemnity, medical, and reserves) for the entire group and calculate the group's retrospective premium. If the retrospective premium that is calculated is less than the group's total standard premium, the participants will receive a refund. However, if the retrospective premium is greater than the group's total standard premium, an assessment will be levied by BWC. Each group limits the maximum assessment by selecting a premium cap between five percent and 100 percent of merit rated premium. Participation in the GRRP is limited to school districts that can meet the GRRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description – The School District participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$168,359, \$225,520, and \$143,470, respectively. For fiscal year 2011, 55.25 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

State Teachers Retirement System of Ohio

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

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

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

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$778,672, \$774,249, and \$735,830, respectively. For fiscal year 2011, 82.29 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2011 were \$425 made by the School District and \$304 made by the plan members. In addition, member contributions of \$126 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

NOTE 12 - POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administrated by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800. During fiscal year 2011, the School District paid \$22,622 in surcharge.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$43,008, \$31,575, and \$96,178, respectively. For fiscal year 2011, 55.25 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$10,834, \$13,411, and \$11,837, respectively. For fiscal year 2011, 55.25 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

State Teachers Retirement System of Ohio

Plan Description – The School District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$60,667, \$59,558, and \$56,602, respectively. For fiscal year 2011 82.29 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 13 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 20 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 225 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.

Special Termination Benefit Payable

For fiscal years 2006 to 2011, employees eligible to retire were offered a special termination benefit. A bargaining unit employee who becomes eligible under the Ohio Revised Code Section 3307.38 and elects to take service retirement through STRS and provides the School District with notice by the regular February Board of Education meeting is entitled to receive a one-time lump-sum payment, less payroll withholdings. For the fiscal year ended June 30, 2011, one employee of the School District who retired was eligible for the bonus.

Insurance

The School District provides life insurance to most employees through the Metropolitan Educational Council, health and dental insurance through the Scioto County Schools Council, and vision benefits through Vision Service Plan.

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 Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 14 – CAPITALIZED LEASE – LESSEE DISCLOSURE

During fiscal year 2008, the School District entered into a lease-purchase agreement for constructing its new facilities. The terms of the agreement transfers ownership of the building to the School District at the expiration of the lease term. The lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The School District is leasing the project from the Columbus Regional Airport Authority. Columbus Regional Airport Authority deposited \$582,000 with U.S. Bank National Association, who will serve as the fiscal agent for the monies. The School District will utilize the monies held by U.S. Bank National Association to pay for the costs that are beyond those authorized to be funded by the Ohio School Facilities Commission. In turn, the School District will make semi-annual lease payments to U.S. Bank National Association. Interest rates are based on a calculation of the TBMA index. The lease is renewable annually and expires in fiscal year 2018. The intention of the School District is to renew the lease annually and make payments using the general revenues of the School District. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds and on a budgetary basis.

At fiscal year-end, capital assets under this lease have been capitalized as buildings and improvements in the Statement of Net Assets for governmental activities. At fiscal year-end, \$552,000 of the proceeds from the capital lease had been spent toward the construction project. A liability was recorded on the Statement of Net Assets for governmental activities in the amount of \$582,000, which is equal to the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2011 totaled \$53,000 and were paid from the General Fund.

During fiscal year 2011, the School District entered into a lease-purchase agreement for constructing its new athletic complex facilities. The terms of the agreement transfers ownership of the complex to the School District at the expiration of the lease term. The lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The School District is leasing the project site to WesBanco Bank, Inc. and WesBanco Bank, Inc. is in turn subleasing the site and athletic complex project back to the School District. Under the terms of the lease, WesBanco Bank, Inc. will provide the School District with lease-purchase financing proceeds not to exceed \$2.5 million. The School District will use these proceeds to pay for the construction of the athletic complex and receives proceeds as it incurs expenditures for the project.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 14 – CAPITALIZED LEASE – LESSEE DISCLOSURE (continued)

The School District will make semi-annual lease payments to WesBanco Bank, Inc. During fiscal year 2011, the School District paid interest on the amount that had been advanced to it. The principle payments are scheduled to commence December 1, 2012. The lease is renewable annually and expires in fiscal year 2026. The intention of the School District is to renew the lease annually and make payments using the general revenues of the School District. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds and on a budgetary basis.

The future debt service requirements for this lease are not being reported in fiscal year 2011 since the total amount of the obligation is not known and the School District has only received \$172,258 of the proceeds. A liability for the \$172,258 is being reported in Long-Term Liabilities Due in More Than One Year.

Also, during the fiscal year, the School District entered into a capitalized lease for copiers. The lease meets the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

The copiers acquired by lease were capitalized in the amount of \$43,963, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the Statement of Net Assets for governmental activities. Principal payments in fiscal year 2011 totaled \$7,667 and were paid from the Capital Improvement Fund.

The copiers acquired through the capital lease as of June 30, 2011, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Asset:			
Copiers	\$43,963	(\$2,748)	\$41,215

The following is a schedule of the future long-term minimum lease payments required under the capital leases for the copiers and with the Columbus Regional Airport Authority for the new facilities and the present value of the minimum lease payments as of June 30, 2011.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 14 – CAPITALIZED LEASE – LESSEE DISCLOSURE (continued)

Fiscal Year Ending June 30,	New Facilities	Copiers
2012	\$70,849	\$13,824
2013	70,653	13,824
2014	70,380	13,825
2015	70,028	0
2016	69,597	0
2017 - 2018	140,457	0
Total	491,964	41,473
Less: Amount Representing Interest	(61,964)	(5,177)
<i>Present Value of Net Minimum Lease Payments</i>	<u>\$430,000</u>	<u>\$36,296</u>

NOTE 15 – LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	Amount Outstanding 6/30/10	Additions	Deductions	Amount Outstanding 6/30/11	Amount Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
2005 Classroom Facilities:					
Term Bonds 5.00%	\$2,805,000	\$0	\$0	\$2,805,000	\$0
Serial Bonds 3.00 to 5.00%	6,095,000	0	235,000	5,860,000	240,000
Premium on Debt Issue	246,972	0	10,856	236,116	0
Capital Leases - New Facilities	483,000	0	53,000	430,000	55,000
Capital Lease - Athletic Complex	0	172,258	0	172,258	0
Capital Lease - Copiers	0	43,963	7,667	36,296	11,046
Compensated Absences	781,153	120,755	126,841	775,067	77,662
<i>Total Governmental Activities</i>					
<i>Long-Term Obligations</i>	<u>\$10,411,125</u>	<u>\$336,976</u>	<u>\$433,364</u>	<u>\$10,314,737</u>	<u>\$383,708</u>

2005 Classroom Facilities General Obligation Bonds – On March 15, 2005, the School District issued \$9,968,000 in voted general obligation bonds for the purpose of retiring the Classroom Facilities Bond Anticipation Notes issued December 28, 2004, for the purpose of constructing new educational facilities. The bonds were issued in an aggregate principal amount of \$9,968,000. Of these bonds, \$7,163,000 were serial bonds and \$2,805,000 were term bonds. The bonds were issued for a 27 year period with final maturity in December 2032. The bonds will be retired from the Bond Retirement Fund.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 15 – LONG-TERM OBLIGATIONS *(continued)*

The term bonds issued at \$2,805,000 and maturing on December 1, 2032, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

Fiscal Year Ending June 30,	Amount
2029	\$505,000
2030	535,000
2031	560,000
2032	590,000
2033	615,000
<i>Total</i>	<u><u>\$2,805,000</u></u>

The serial bonds issued at \$7,163,000, with maturity dates of December 1, 2006, to December 1, 2027, are subject to optional redemption, in whole or in part on any date at the option of the issuer on or after June 1, 2015, at the redemption price of 100 percent.

Compensated absences will be paid from the General Fund. Capital leases will be paid from the General Fund.

The School District's overall legal debt margin was \$5,116,674 with an unvoted debt margin of \$145,818 at June 30, 2011.

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

2005 Classroom Facilities General Obligation Bonds					
Fiscal Year Ending June 30,	Term Bonds Principal	Term Bonds Interest	Serial Bonds Principal	Serial Bonds Interest	Total
2012	\$0	\$0	\$240,000	\$401,560	\$641,560
2013	0	0	250,000	392,860	642,860
2014	0	0	260,000	383,550	643,550
2015	0	0	270,000	373,610	643,610
2016	0	0	280,000	362,880	642,880
2017-2021	0	0	1,600,000	1,606,950	3,206,950
2022-2026	0	0	2,015,000	1,186,196	3,201,196
2027-2031	1,600,000	303,500	945,000	328,375	3,176,875
2032-2033	1,205,000	60,875	0	0	1,265,875
<i>Totals</i>	<u><u>\$2,805,000</u></u>	<u><u>\$364,375</u></u>	<u><u>\$5,860,000</u></u>	<u><u>\$5,035,981</u></u>	<u><u>\$14,065,356</u></u>

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 16 – INTERFUND ACTIVITY

Interfund Receivables/Payables

As of June 30, 2011, interfund receivables and payables that resulted from various interfund transactions were as follows:

		Receivable
		General Fund
Payable	Construction Capital Projects Fund	\$30,000
	Other Governmental Funds	39,331
	<i>Totals</i>	\$69,331

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in receiving grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance.

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOLS AND PUBLIC ENTITY SHARED RISK POOL

Jointly Governed Organizations

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, Pickaway, Gallia 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, plus a representative of the fiscal agent. The School District paid SCOCA \$25,472 for services provided during the fiscal 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, Piketon, Ohio 45661.

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOLS AND PUBLIC ENTITY SHARED RISK POOL *(continued)*

Metropolitan Educational Council

The School District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 100 members, which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county outside Franklin County. In particular, the School District participates in an insurance purchasing pool, which is managed by MEC, to obtain lower costs for life insurance coverage for their employees. The School District pays premiums to MEC based on the number of employees who participate, the amount of coverage provided, and what MEC estimates will cover the costs to provide that coverage. Financial information may be obtained from the Metropolitan Educational Council, Sue Ward, who serves as fiscal officer, at 2100 Citygate Drive, Columbus, OH 43219.

Insurance Purchasing Pools

Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the OSP to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a 13 member Board of Directors consisting of school district superintendents and treasurers. The OSP has an agreement with Hylant Administrative Services, LLC to provide underwriting, claims management, risk management, accounting, system support services, sales and marketing for the OSP. Hylant Administrative Services, LLC also coordinates reinsurance brokerage services for the OSP.

Ohio SchoolComp Group Retrospective Rating Program

The School District participates in the Ohio SchoolComp Group Retrospective Rating Program (GRRP), an insurance purchasing pool. The GRRP's business and affairs are conducted by a five member Board of Directors. Each fiscal year, the participants pay an enrollment fee to CompManagement, Inc. to cover the costs of administering the program.

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOLS AND PUBLIC ENTITY SHARED RISK POOL *(continued)*

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 programs of health and dental insurance for the benefit of the Council members' employees and their dependents, to obtain lower costs for health and dental 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, 411 Court Street, Portsmouth, Ohio 45662.

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 instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Textbooks and Instructional Materials	Capital Acquisitions
Set-aside Balance as of June 30, 2010	(\$862,773)	\$0
Current Fiscal Year Set-aside Requirement	240,682	240,682
Current Fiscal Year Offsets	0	(185,614)
Qualifying Disbursements	(236,775)	(118,603)
<i>Totals</i>	<u>(\$858,866)</u>	<u>(\$63,535)</u>
<i>Set-aside Balance as of June 30, 2011</i>	<u>(\$858,866)</u>	<u>\$0</u>

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 18 – SET-ASIDE CALCULATIONS *(continued)*

Although the School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amounts below zero for textbooks and instructional materials and capital acquisitions, only the amount for the textbooks and instructional materials set-aside may be used to reduce the set-aside requirement of future fiscal years.

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the following change to fund balances at June 30, 2010, as previously reported:

	General Fund	Other Governmental Funds
Fund Balance, June 30, 2010, as Previously Reported	\$1,283,372	\$1,149,218
Restatement of Fund Balance	49,053	(49,053)
Fund Balance, June 30, 2010, as Restated	\$1,332,425	\$1,100,165

NOTE 20 - CONSTRUCTION COMMITMENTS

The School District contracted for constructing its new Pre-K-12 facility, as well as to demolish the existing instructional buildings. The outstanding construction commitment at June 30, 2011, is:

Contractor	Contract Amount	Amount Expended	Balance At June 30, 2011
Tanner and Stone Architects	\$144,039	\$127,010	\$17,029

Wheelersburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 21 – CONTINGENCIES

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, 2011.

Litigation

At fiscal year-end, the School District was a party to one legal proceeding. The proceeding was the result of a special audit conducted by the Auditor of State's Office in relationship to the School District's Latchkey Program. As a result of the special audit, the School District terminated the Latchkey Program's administrator. Subsequently, the School District has been sued by the Latchkey Program administrator. However, at fiscal year-end, the School District was not able to determine what effect, if any, this claim will have on the financial condition of the School District.

Wheelersburg Local School District
Schedule of Federal Awards Receipts and Expenditures
For the Year Ended June 30, 2011

Federal Grantor/ Pass Through Grantor/ 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>						
<i>Child Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	\$ 88,883	\$ -	\$ 88,883	\$ -
National School Lunch Program	3L60	10.555	195,327	31,559	195,327	31,559
Summer Food Service for Children	3L60	10.559	12,082	-	12,082	-
Total Child Nutrition Cluster			296,292	31,559	296,292	31,559
Total United States Department of Agriculture			296,292	31,559	296,292	31,559
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
<i>Special Education Cluster:</i>						
Special Education - Grants to States	3M20	84.027	278,348	-	277,300	-
Special Education - Grants to States - ARRA	3DJ0	84.391	108,282	-	117,006	-
Total Special Education Cluster			386,630	-	394,306	-
<i>Title I Cluster</i>						
Title I Grants to Local Educational Agencies	3M00	84.010	512,792	-	494,940	-
Title I Grants to Local Educational Agencies - ARRA	3DK0	84.389	78,313	-	90,972	-
Total Title I Cluster			591,105	-	585,912	-
Safe and Drug Free Schools and Communities - State Grants	3D10	84.186	5,370	-	5,889	-
Education Technology State Grants	3S20	84.318	1,786	-	8,683	-
Rural Education	3Y80	84.358	23,594	-	48,302	-
State Fiscal Stabilization Fund (SFSF) - Education						
State Grants - ARRA	GRF	84.394	527,704	-	523,299	-
Improving Teacher Quality	3Y60	84.367	98,931	-	101,223	-
Race to the Top - ARRA	3FD0	84.395	22,888	-	16,158	-
Total United States Department of Education			1,658,008	-	1,683,772	-
Total Federal Financial Assistance			\$ 1,954,300	\$ 31,559	\$ 1,980,064	\$ 31,559

N/A=Not Available
N=Direct award

See accompanying notes to Schedule of Federal Awards Receipts and Expenditures.

Wheelersburg Local School District

Notes to the Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2011

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Members of the Board of Education
Wheelersburg Local School District
P.O. Box 340
Wheelersburg, OH 45694

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheelersburg Local School District, Scioto County, (the School District) as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 20, 2012, wherein we noted the School District implemented GASB Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

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

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
January 20, 2012



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments
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Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Members of the Board of Education
Wheelersburg Local School District
P.O. Box 340
Wheelersburg, OH 45694

Compliance

We have audited the compliance of Wheelersburg Local School District (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect each of the Wheelersburg Local School District's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

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

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

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



Balestra, Harr & Scherer, CPAs, Inc.
January 20, 2012

Wheelersburg Local School District
Schedule of Findings
OMB Circular A-133 Section .505
For The Fiscal Year Ended June 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Special Ed Cluster: Special Education Grants to States-CFDA #84.027; Special Education Grants to States, ARRA- CFDA #84.391 State Fiscal Stabilization Fund – ARRA, CFDA #84. 394 Nutrition Cluster: School Breakfast Program-CFDA #10.553; National School Lunch Program-CFDA #10.555; Summer Food Service for Children-CFDA #10.559
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

Wheelersburg Local School District
Schedule of Findings
OMB Circular A-133 Section .505
(Continued)
For The Fiscal Year Ended June 30, 2011

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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Independent Accountants' Report on Applying Agreed-Upon Procedure

Members of the Board of Education
Wheelersburg Local School District
P.O. Box 340
Wheelersburg, OH 45694

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

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

1. We noted the Board did not amend its anti-harassment policy to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

Ohio Revised Code Section 3313.666 required the Board to amend its definition by September 28, 2010.

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

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

Balestra, Harr & Scherer, CPAs, Inc.
January 20, 2012

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Dave Yost • Auditor of State

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
APRIL 17, 2012**