



**Auditor of State  
Betty Montgomery**



**WASHINGTON-NILE LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report .....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund .....	19
Statement of Fiduciary Net Assets – Fiduciary Funds .....	20
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds .....	21
Notes to the Basic Financial Statements.....	23
Schedule of Federal Awards Receipts and Expenditures .....	57
Notes to the Schedule of Federal Awards Receipts and Expenditures.....	58
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	59
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	61
Schedule of Findings.....	63

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Washington-Nile Local School District  
Scioto County  
15332 U.S. Highway 52  
West Portsmouth, Ohio 45663

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Washington-Nile Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2003, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Washington-Nile Local School District, Scioto County, Ohio, as of June 30, 2003, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2003 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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We conducted our audit to form opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 24, 2003

**Washington-Nile Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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The discussion and analysis of the Washington-Nile Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2003. 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June, 1999.

**Financial Highlights**

- ' Net assets of governmental activities increased \$129,198 which represents a 0.45 percent increase from 2002. The increase is the result of the renovation of facilities under the Ohio School Facilities Commission grant.
- ' General revenues accounted for \$9,525,120 or 69 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,353,333 or 31 percent of total revenues of \$13,878,453.
- ' Total assets of governmental activities increased by \$288,188. Capital assets increased by \$1,056,037 due to the finishing construction of the high school athletic complex and the current facilities renovation under the Ohio School Facilities Commission grant. Cash increased \$1,056,627 due to cash received under the Ohio School Facilities Commission grant while receivables and other assets decreased \$1,824,476 due primarily to the renovation of school facilities under the Ohio School Facilities grant.
- ' The School District had \$13,749,255 in expenses related to governmental activities; only \$4,353,333 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants and entitlements and property taxes) of \$9,525,120 were adequate to provide for the remaining cost of these programs.

**Using these General Purpose External 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 Washington-Nile 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.

**Washington-Nile Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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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 non-major funds presented in total in one column. The major funds for the Washington-Nile Local School District are the General Fund, and the Ohio School Facilities Commission capital project fund.

### **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 2003?" 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 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. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, legislation affecting the calculation of the state foundation, facility conditions, 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:

Government Activities - All of the School District's programs and services are reported here 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 8. 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 major funds.



**Washington-Nile Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2003*  
*Unaudited*

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**Governmental Funds** - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using 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 has three fiduciary funds, two of which are agency funds and one of which is a private purpose trust scholarship fund. All of the School District's fiduciary activities are reported in a separate Statement of 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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

*Washington-Nile Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited*

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**The School District as a Whole**

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

Table 1 provides a summary of the School District's net assets for fiscal years 2002 and 2003:

(Table 1)  
**Net Assets**  
Governmental Activities

	2003	2002
<b>Assets</b>		
Current and Other Assets	\$7,682,330	\$8,450,179
Capital Assets	27,580,321	26,524,284
Total Assets	35,262,651	34,974,463
<b>Liabilities</b>		
Long-Term Liabilities	3,494,738	3,621,874
Other Liabilities	2,797,035	2,510,909
Total Liabilities	6,291,773	6,132,783
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	25,023,687	23,465,926
Restricted	2,987,332	3,986,594
Unrestricted	959,859	1,389,160
Total Net Assets	\$28,970,878	\$28,841,680

Total assets increased \$288,188. Equity in pooled cash and cash equivalents increased \$1,056,627 due to the receipt of Ohio School Facilities Commission grant monies. Capital Assets increased by \$1,056,037 due to the final construction of the high school athletic complex and the current facilities renovation under the Ohio School Facilities Commission grant.

Table 2 shows the changes in net assets for fiscal year 2003 and 2002.

*Washington-Nile Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited*

(Table 2)  
**Change in Net Assets**  
Governmental Activities

	2003	2002
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$1,652,241	\$1,362,373
Operating Grants, Contributions, and Interest	2,628,988	2,855,403
Capital Grants and Contributions	72,104	140,330
Total Program Revenues	<u>4,353,333</u>	<u>4,358,106</u>
General Revenues:		
Property Taxes	1,187,309	1,335,507
Grants and Entitlements not Restricted to Specific Programs	8,165,869	10,435,501
Contributions and Donations	5,250	1,637
Investment Earnings	105,246	130,211
Miscellaneous	61,446	26,385
Total General Revenues	<u>9,525,120</u>	<u>11,929,241</u>
Total Revenues	<u>13,878,453</u>	<u>16,287,347</u>
<b>Program Expenses</b>		
Instruction		
Regular	5,693,002	5,483,708
Special	1,925,341	1,559,687
Vocational	81,319	88,312
Support Services		
Pupils	883,241	959,506
Instructional Staff	852,144	717,323
Board of Education	46,103	61,127
Administration	1,027,777	849,741
Fiscal	258,571	222,460
Operation and Maintenance of Plant	1,294,584	993,088
Pupil Transportation	701,425	737,309
Operation of Non-Instructional Services:		
Food Services	474,141	632,377
Extracurricular Activities	365,764	276,541
Interest and Fiscal Charges	145,843	149,032
Intergovernmental	0	35,000
Total Expenses	<u>13,749,255</u>	<u>12,765,211</u>
Increase in Net Assets	<u>\$129,198</u>	<u>\$3,522,136</u>

**Washington-Nile Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2003**  
*Unaudited*

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Grants and Entitlements not Restricted to Specific Programs made up 59 percent of the total revenue for governmental activities of the Washington-Nile Local School District for fiscal year 2003. Property Tax revenue made up 9 percent of the total revenue for governmental activities for a total of 68 percent of all revenue coming from property taxes, grants, and entitlements.

Regular instruction makes up 41 percent of governmental program expenses. Support services expenses make up 37 percent of governmental program expenses.

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

(Table 3)  
**Governmental Activities**

	Total Cost of Services 2003	Total Cost of Services 2002	Net Cost of Services 2003	Net Cost of Services 2002
Instruction	\$7,699,662	\$7,131,707	\$4,919,126	\$4,279,842
Support Services	5,063,845	4,540,554	4,348,088	3,878,258
Operation of Non-				
Instructional Services	474,141	632,377	(119,986)	20,510
Extracurricular Activities	365,764	276,541	102,851	79,463
Interest and Fiscal Charges	145,843	149,032	145,843	149,032
Intergovernmental	0	35,000	0	0
Total Expenses	<u>\$13,749,255</u>	<u>\$12,765,211</u>	<u>\$9,395,922</u>	<u>\$8,407,105</u>

**The School District's Funds**

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$ 15,874,216 and expenditures of \$14,920,692. The net change in fund balance for the year was most significant in the Ohio School Facilities Commission grant fund, which increased by \$1,177,664. This is due to the current facilities renovation under this grant.

The General Fund balance decreased by \$146,144. This decrease was primarily due to a transfer from General Fund to Permanent Improvement fund to cover future repair and renovation needs.

*Washington-Nile Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited*

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**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 the course of fiscal year 2003 the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

For the general fund, budget basis revenue was \$10,785,530 with original budget estimates of \$10,838,262. The difference of \$52,732 was due primarily to a cut in the state foundation program imposed by the State of Ohio. Budget basis expenditures were \$10,616,831 with original budget estimates of \$10,599,078. The difference of \$17,753 is due primarily to an increase in actual salaries and fringe benefits paid due to an increase in teacher training.

The School District's ending unobligated cash balance was \$447,561 above the final budgeted amount.

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2003, the School District had \$27,580,321 invested in land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and textbooks and software. Table 4 shows fiscal year 2003 balances compared to 2002:

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

	2003	2002
Land	\$1,743,109	\$1,708,959
Construction in Progress	802,013	1,644,922
Buildings and Improvements	21,813,524	20,300,869
Furniture and Equipment	2,494,065	2,199,741
Vehicles	468,121	471,213
Textbooks and Software	259,489	198,580
Totals	\$27,580,321	\$26,524,284

The primary increase occurred in buildings & improvements and furniture and equipment. This was due to the construction of the high school athletic complex and the current facilities renovation under the Ohio School Facilities Commission grant.

**Washington-Nile Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2003**  
**Unaudited**

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**Debt**

At June 30, 2003 the School District had a \$39,843 EPA Asbestos loan outstanding, of which \$5,312 is due within one year. The School District had \$1,517,594 in bonds outstanding, \$110,000 due within one year. The School District also had a premium and discount outstanding on the debt issue of \$118,671 and \$765, respectively. The School District also had a \$104,850 H. B. 264 Promissory Note outstanding, of which \$23,300 is due within one year as well as a \$1,216,767 capital lease outstanding, of which \$129,196 is due within one year. Table 5 summarizes the debt outstanding:

(Table 5)  
**Outstanding Debt, at Year End**  
 Governmental Activities

	2003	2002
1992 EPA Asbestos Loan	\$39,843	\$45,155
1994 General Obligation Bonds	75,000	145,000
2001 General Obligation Bonds		
Serial Bonds	1,300,000	1,335,000
Original Issue Capital Appreciation Bonds	109,942	109,942
Accretion on Capital Appreciation Bonds	32,652	15,188
Premium on Debt Issue	118,671	133,660
Discount on Debt Issue	(765)	(874)
Deferred Loss on Early Retirement	(85,915)	(94,507)
H. B. 264 Promissory Note	104,850	128,150
Capital Leases	1,216,767	1,340,266
Totals	\$2,911,045	\$3,156,980

*EPA Asbestos Loan* - In 1993 Washington-Nile Local School District obtained a loan in the amount of \$95,619 for the purpose of providing asbestos removal. The loan was issued for an eighteen year period with final maturity during fiscal year 2011.

*1994 Classroom Facilities Bonds* - In 1994, the school District issued \$2,032,351 in voted general obligation bonds for the purpose of constructing a new high school and elementary school, with renovations to the middle school. The bonds were issued for a twenty-three year period with final maturity at December 1, 2016. Bonds with a maturity of 2004 through 2016 were advance refunded. Non-callable bonds in the amount of \$75,000 are still outstanding.

*2001 Classroom Facilities Bonds* - On July 1, 2001, the District issued \$1,464,942 in General Obligation Bonds to advance refund \$1,465,000 of outstanding 1994 Classroom Facilities General Obligation Bonds. The bond issue included serial and capital appreciation bonds in the amounts of \$1,355,000 and \$109,942, respectively. The capital appreciation bonds will mature in fiscal years 2011, 2012, and 2013.

*Washington-Nile Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited*

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The total outstanding bond value of the advance refunding as of fiscal year-end 2003 was \$1,442,594. The total bond value at final maturity will be \$1,760,000.

*1997 Promissory Note H. B. 264* - On July 23, 1997, the School District issued a ten year \$233,000 note for the purpose of implementing energy conservation measures under the provisions of H.B. 264 at the middle school.

The School District's overall legal debt margin was \$3,966,556 with an unvoted debt margin of \$59,472, and an Energy Conservation debt margin of \$495,407 at June 30, 2003.

### **Current Issues**

The Washington-Nile Local School was created in 1939 by the merger of three township school systems. The School District is located in a very low wealth area in Scioto County. The School District is rated the 7<sup>th</sup> lowest out of 612 school districts in property valuation per pupil in the State of Ohio. 10.1 percent of the district's students receive Ohio Works First aid. The State of Ohio provides the majority of the funding received by the School District. Student enrollment of 1,726 has decreased slightly over the past year.

The Ohio Department of Education evaluates the district's educational progress through a report card. The Department of Education has created a point indicator system based upon the results of the district students' proficiency tests in the 4<sup>th</sup>, 6<sup>th</sup>, and 9<sup>th</sup> grades. The report card also evaluates the district student attendance rate and graduation rate. The district's rating for 2003 was Effective. The district met 14 of the 22 indicators and had a performance index score of 90.6 out of 120 points.

The School District has completed the construction of the high school athletic complex at the cost of \$1,691,163. The project entailed the construction of stadium seating, field lighting and concession/restroom facilities. The project was funded by entering into a ten year lease in the amount of \$1,500,000 with Oak Hill Banks and transferring \$200,000 from the general fund. The lease will be paid from the debt service fund.

The High School and Elementary Schools were constructed in 1998 under the Department of Education Classroom Facilities Grant and the Middle School was constructed in 1969 under the same program. Presently the district has been awarded a grant under the Ohio School Facilities Commission in the amount of \$2,775,928 for renovation work at the Middle School. The 2% local share of the project in the amount of \$56,652 has been matched out of the General Fund making the total projected project cost at \$2,832,580.

*Washington-Nile Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2003  
Unaudited*

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**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 Karen Ballengee, Treasurer at Washington-Nile Local School District, 15332 U. S. Hwy 52, West Portsmouth, Ohio 45663 or e-mail at [kballengee@west.k12.oh.us](mailto:kballengee@west.k12.oh.us).



**Washington-Nile Local School District**

Statement of Net Assets

June 30, 2003

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$5,451,699
Materials and Supplies Inventory	47,509
Accrued Interest Receivable	28,182
Accounts Receivable	27,466
Intergovernmental Receivable	741,521
Prepaid Items	102,484
Taxes Receivable	1,252,215
Deferred Charges	31,254
Capital Assets:	
Land and Construction in Progress	2,545,122
Depreciable Capital Assets, Net	<u>25,035,199</u>
<i>Total Assets</i>	<u>35,262,651</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	64,533
Contracts Payable	253,353
Accrued Wages and Benefits Payable	1,051,644
Intergovernmental Payable	332,690
Accrued Interest Payable	7,469
Retainage Payable	17,363
Matured Compensated Absences Payable	32,971
Deferred Revenue	1,037,012
Long-Term Liabilities:	
Due Within One Year	430,505
Due Within More Than One Year	<u>3,064,233</u>
<i>Total Liabilities</i>	<u>6,291,773</u>
<b><u>Net Assets:</u></b>	
Invested in Capital Assets, Net of Related Debt	25,023,687
Restricted for:	
Debt Service	220,872
Capital Projects	2,324,820
Other Purposes	441,640
Unrestricted	<u>959,859</u>
<i>Total Net Assets</i>	<u>\$28,970,878</u>

See accompanying notes to the basic financial statements

**Washington-Nile Local School District**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2003

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$5,693,002	\$1,055,156	\$926,150	\$0	(\$3,711,696)
Special	1,925,341	7,740	772,409	0	(1,145,192)
Vocational	81,319	0	19,081	0	(62,238)
Support Services:					
Pupil	883,241	0	317,089	16,835	(549,317)
Instructional Staff	852,144	0	248,284	0	(603,860)
Board of Education	46,103	0	0	0	(46,103)
Administration	1,027,777	0	52,473	0	(975,304)
Fiscal	258,571	0	0	0	(258,571)
Operation and Maintenance of Plant	1,294,584	0	8,785	0	(1,285,799)
Pupil Transportation	701,425	11,796	5,226	55,269	(629,134)
Operation of Non-Instructional Services:					
Food Services	474,141	314,636	279,491	0	119,986
Extracurricular Activities	365,764	262,913	0	0	(102,851)
Interest and Fiscal Charges	145,843	0	0	0	(145,843)
<b>Total Governmental Activities</b>	<b>\$13,749,255</b>	<b>\$1,652,241</b>	<b>\$2,628,988</b>	<b>\$72,104</b>	<b>(9,395,922)</b>

**General Revenues**

Property Taxes Levied for General Purposes	1,187,309
Grants and Entitlements not Restricted to Specific Programs	8,165,869
Contributions and Donations	5,250
Investment Earnings	105,246
Miscellaneous	61,446
<b>Total General Revenues</b>	<b>9,525,120</b>
Change in Net Assets	129,198
<b>Net Assets Beginning of Year</b>	<b>28,841,680</b>
<b>Net Assets End of Year</b>	<b>\$28,970,878</b>

See accompanying notes to the basic financial statements

**Washington-Nile Local School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2003*

	General	Ohio School Facilities Commission	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$2,550,225	\$1,768,457	\$1,060,218	\$5,378,900
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	64,399	8,400	0	72,799
Receivables:				
Taxes	1,055,999	0	196,216	1,252,215
Accounts	10,068	0	17,398	27,466
Intergovernmental	15,818	553,931	171,772	741,521
Accrued Interest	27,231	0	951	28,182
Interfund Receivable	2,949	0	0	2,949
Prepaid Items	72,890	0	29,594	102,484
Materials and Supplies Inventory	38,676	0	8,833	47,509
<i>Total Assets</i>	<u>\$3,838,255</u>	<u>\$2,330,788</u>	<u>\$1,484,982</u>	<u>\$7,654,025</u>
<b><u>Liabilities:</u></b>				
Accounts Payable	\$47,862	\$0	\$16,671	\$64,533
Contracts Payable	0	253,353	0	253,353
Retainage Payable	0	0	0	0
Accrued Wages and Benefits Payable	800,613	0	251,031	1,051,644
Intergovernmental Payable	196,735	0	47,312	244,047
Matured Compensated Absences Payable	32,971	0	0	32,971
Retainage Payable	0	17,363	0	17,363
Interfund Payable	0	0	2,949	2,949
Deferred Revenue	986,961	524,896	226,034	1,737,891
<i>Total Liabilities</i>	<u>2,065,142</u>	<u>795,612</u>	<u>543,997</u>	<u>3,404,751</u>
<b><u>Fund Balances:</u></b>				
Reserved for Encumbrances	260,275	1,315,943	26,132	1,602,350
Reserved for Property Taxes	81,813	0	16,092	97,905
Reserved for Textbooks and Instructional Materials	2,085	0	0	2,085
Reserved for Bus Purchase	62,314	0	0	62,314
Unreserved, Undesignated, Reported in:				
General Fund	1,366,626	0	0	1,366,626
Special Revenue Funds	0	0	447,659	447,659
Debt Service Fund	0	0	189,554	189,554
Capital Project Funds	0	219,233	261,548	480,781
<i>Total Fund Balances</i>	<u>1,773,113</u>	<u>1,535,176</u>	<u>940,985</u>	<u>4,249,274</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,838,255</u>	<u>\$2,330,788</u>	<u>\$1,484,982</u>	<u>\$7,654,025</u>

See accompanying notes to the basic financial statements

**Washington-Nile Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2003*

<b>Total Governmental Fund Balances</b>		<b>\$4,249,274</b>
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	1,743,109	
Construction in progress	802,013	
Other capital assets	33,031,549	
Accumulated depreciation	<u>(7,996,350)</u>	
Total capital assets		27,580,321
 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	117,298	
Intergovernmental	569,864	
Interest	<u>13,717</u>	
		700,879
 Intergovernmental Payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore not reported in the funds.		
		(88,643)
 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.		
		31,254
 Amortization of the deferred loss on early retirement is not reported in the funds, but is allocated as an expense over life of the debt on a full accrual basis.		
		85,915
 Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
School Improvement Bonds payable	(75,000)	
School Improvement Refunding bonds payable	(1,442,594)	
EPA Assistance Asbestos Note payable	(39,843)	
Promissory Note - H.B. 264	(104,850)	
Bond Premium	(118,671)	
Bond Discount	765	
Accrued interest	(7,469)	
Capital leases	(1,216,767)	
Compensated absences	<u>(583,693)</u>	
Total Liabilities		<u>(3,588,122)</u>
 Net Assets of Governmental Activities		 <u><u>\$28,970,878</u></u>

See accompanying notes to the basic financial statements

**Washington-Nile Local School District**  
*Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2003*

	General	Ohio School Facilities Commission	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>				
Property Taxes	\$993,573	\$0	\$188,858	\$1,182,431
Intergovernmental	8,502,665	1,913,727	2,458,970	12,875,362
Interest	81,096	8,692	7,698	97,486
Tuition and Fees	1,074,692	0	0	1,074,692
Rent	505	0	0	505
Extracurricular Activities	0	0	262,913	262,913
Customer Sales and Service	0	0	285,943	285,943
Contributions and Donations	0	0	5,250	5,250
Miscellaneous	47,326	1,391	40,917	89,634
<i>Total Revenues</i>	<u>10,699,857</u>	<u>1,923,810</u>	<u>3,250,549</u>	<u>15,874,216</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	4,944,844	0	818,694	5,763,538
Special	902,408	0	939,423	1,841,831
Vocational	84,455	0	0	84,455
Support Services:				
Pupils	587,982	0	261,559	849,541
Instructional Staff	482,885	0	318,358	801,243
Board of Education	46,123	0	0	46,123
Administration	914,208	0	37,476	951,684
Fiscal	245,096	0	0	245,096
Operation and Maintenance of Plant	1,111,623	0	23,444	1,135,067
Pupil Transportation	692,778	0	10,124	702,902
Operation of Non-Instructional Services				
Food Service Operations	5,949	0	576,056	582,005
Extracurricular Activities	120,734	0	288,931	409,665
Capital Outlay	226,161	778,310	112,303	1,116,774
Debt Service:				
Principal Retirement	0	0	261,769	261,769
Interest and Fiscal Charges	0	0	128,999	128,999
<i>Total Expenditures</i>	<u>10,365,246</u>	<u>778,310</u>	<u>3,777,136</u>	<u>14,920,692</u>
Excess of Revenues Over (Under) Expenditures	<u>334,611</u>	<u>1,145,500</u>	<u>(526,587)</u>	<u>953,524</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers In	0	32,164	452,303	484,467
Transfers Out	(480,755)	0	(3,712)	(484,467)
<i>Total Other Financing Sources (Uses)</i>	<u>(480,755)</u>	<u>32,164</u>	<u>448,591</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(146,144)	1,177,664	(77,996)	953,524
<i>Fund Balances Beginning of Year</i>	<u>1,919,257</u>	<u>357,512</u>	<u>1,018,981</u>	<u>3,295,750</u>
<i>Fund Balances End of Year</i>	<u>\$1,773,113</u>	<u>\$1,535,176</u>	<u>\$940,985</u>	<u>\$4,249,274</u>

See accompanying notes to the basic financial statements

**Washington-Nile 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, 2003*

**Net Change in Fund Balances - Total Governmental Funds** \$953,524

***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:

Fixed asset additions	1,108,566	
Construction in progress additions	981,711	
Depreciation expense	(1,019,127)	
Excess of capital outlay over depreciation expense		1,071,150

The proceeds from the sale of fixed assets are reported as revenue in the governmental funds. However, the cost of capital assets are removed from the capital asset account in the statement of net assets and offset against the proceeds from the sale of fixed assets resulting in a loss on the sale of fixed assets in the statement of activities. For this year the school district had no proceeds.

Loss on disposal of fixed assets		(15,113)
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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	4,878	
Intergovernmental	(2,008,401)	
Interest	7,760	
		(1,995,763)

Governmental funds report premium and bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of bond issuance costs	(2,233)	
Amortization of net premium	14,880	
Amortization of Deferred Loss on Early Retirement	(8,592)	
		4,055

Governmental funds report debt service payments as expenditures, whereas the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

School Improvement Bonds payable	70,000	
School Improvement Refunding Bonds payable	35,000	
EPA Assistance Asbestos Note payable	5,312	
Promissory Note - H.B. 264	23,300	
Capital lease payments	123,499	
Total long-term debt repayment		257,111

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:

Increase in compensated absences payable	(118,799)	
Decrease in accrued interest payable	1,223	
Increase in intergovernmental payable	(10,726)	
Accretion on bonds	(17,464)	
Total (increase)/decrease		(145,766)

Change in Net Assets of Governmental Activities \$129,198

See accompanying notes to the basic financial statements

**Washington-Nile 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, 2003*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$949,000	\$1,048,179	\$1,048,179	\$0
Intergovernmental	8,605,624	8,514,424	8,514,424	0
Interest	110,000	107,075	104,553	(2,522)
Tuition and Fees	1,156,638	1,077,251	1,077,266	15
Rentals	1,000	505	505	0
Customer Sales and Service	9,000	0	0	0
Miscellaneous	7,000	40,609	40,603	(6)
<i>Total Revenues</i>	10,838,262	10,788,043	10,785,530	(2,513)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,563,893	4,618,787	4,505,389	113,398
Special	1,052,205	962,323	902,438	59,885
Vocational	78,762	89,167	85,102	4,065
Other	386,751	399,789	399,283	506
Support Services:				
Pupils	646,927	632,936	598,869	34,067
Instructional Staff	555,589	567,800	510,015	57,785
Board of Education	70,426	77,767	61,843	15,924
Administration	941,534	936,393	887,377	49,016
Fiscal	250,960	257,785	248,499	9,286
Operation and Maintenance of Plant	1,127,812	1,257,882	1,208,972	48,910
Pupil Transportation	707,495	869,126	829,988	39,138
Operation of Non-Instructional Services	9,500	5,493	5,490	3
Extracurricular Activities	134,813	139,391	121,851	17,540
Capital Outlay	72,411	252,266	251,715	551
<i>Total Expenditures</i>	10,599,078	11,066,905	10,616,831	450,074
<i>Excess of Revenues Over Expenditures</i>	239,184	(278,862)	168,699	447,561
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Fixed Assets	5,000	26	26	0
Refund of Prior Year Expenditures	3,000	10,086	10,086	0
Transfers In	100,000	95,170	95,170	0
Transfers Out	(343,100)	(575,926)	(575,926)	0
Advances Out		(2,949)	(2,949)	0
<i>Total Other Financing Sources (Uses)</i>	(235,100)	(473,593)	(473,593)	0
<i>Net Change in Fund Balance</i>	4,084	(752,455)	(304,894)	447,561
<i>Fund Balance Beginning of Year</i>	2,284,489	2,284,489	2,284,489	0
Prior Year Encumbrances Appropriated	336,904	336,904	336,904	0
<i>Fund Balance End of Year</i>	\$2,625,477	\$1,868,938	\$2,316,499	\$447,561

See accompanying notes to the basic financial statements.

**Washington-Nile Local School District**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2003*

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	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$60,288	\$34,588
<b>Liabilities</b>		
Undistributed Monies		\$16,270
Deposits Held and Due to Others		\$18,318
<i>Total Liabilities</i>	0	\$34,588
<b>Net Assets</b>		
Held in Trust for Scholarships	60,288	
<i>Total Net Assets</i>	\$60,288	

See accompanying notes to the basic financial statements



**Washington-Nile Local School District**  
*Statement of Changes in Fiduciary Net Assets*  
*Fiduciary Funds*  
*For the Fiscal Year Ended June 30, 2003*

	Private Purpose Trust
	Scholarships
<b>Additions</b>	
Interest	\$1,336
Gifts & Donations	9,600
<i>Total Additions</i>	10,936
<b>Deductions</b>	
Scholarships	12,526
<i>Change in Net Assets</i>	(1,590)
<i>Net Assets Beginning of Year</i>	61,878
<i>Net Assets End of Year</i>	\$60,288.00

See accompanying notes to the basic financial statements

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**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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

Washington-Nile 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 serves an area of approximately 68 square miles. It is located in Scioto County and is composed of the boundaries of Washington and Nile Townships. It is staffed by 66 non-certificated employees, 131 certificated full-time teaching personnel and 11 administrative employees who provide services to 1,726 students and other community members. The School District currently operates three buildings.

*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 Washington-Nile Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

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

- \* Boosters Clubs
- \* Parent - Teacher Organizations
- \* Washington and Nile Townships

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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

(continued)

The School District participates in three jointly governed organizations, one public entity shared risk pool, one risk sharing pool, and one insurance purchasing pool. These organizations are the South Central Ohio Computer Association (SCOCA), the Coalition of Rural and Appalachian Schools, the Pilasco-Ross Special Education Regional Resource Center, the Scioto County Schools Council, the Ohio Schools Risk Sharing Authority Inc., and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17, 18, 19, and 20 to the basic financial statements.

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

The financial statements of the Washington-Nile 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 standards-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.

**A. Basis of Presentation**

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

*Government-wide Financial Statements*

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The statements ordinarily distinguish between activities that are governmental and those that are considered business-type, however, the School District has no activities that are classified as business-type.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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

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. 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.

*Fund Financial Statements*

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

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. All 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 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.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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

Ohio School Facilities Commission Capital Projects fund – To account for monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

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

*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 two agency funds used to account for student activity programs and the Pilasco-Ross Special Education Regional Resource Center. The private purpose trust fund accounts for college scholarship programs for students.

**C. Measurement Focus**

*Government-wide Financial Statements*

The government-wide 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 (i.e., revenues) and decreases (i.e., 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.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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

The private purpose trust fund is reported using the economic resources measurement focus.

**D. 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.

*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 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 sixty days of fiscal year-end.

Nonexchange 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 year when the resources are required to be used or the 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 nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes available for advance, tuition and fees, certain grants, and accrued 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, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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

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.

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.

**E. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this 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.

During fiscal year 2003, the School District's investments were limited to nonnegotiable certificates of deposit, Federal Home Loan Mortgage Corporation Bonds and Federal National Mortgage Association Bonds, and the State Treasury Assets Reserve of Ohio (STAROhio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

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, 2003.

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 2003 amounted to \$81,096, which includes \$40,491 from other School District funds.

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 reported on the financial statements as cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.



**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund represent unexpended revenues restricted for the purchase of buses and cash and cash equivalents legally required to be set-aside by the School District for textbooks and instructional materials, and parity educational programs. See Note 21 for additional information regarding set-asides.

**G. Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

Inventory consists of expendable supplies held for consumption.

**H. Capital Assets**

All capital assets of the School District are general capital assets associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. 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.

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:

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	20 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	10 years
Textbooks and Software	5 years

**I. 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. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The liability is an estimate based on the School District's past experience of making termination payments.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees will be paid.

**J. Unamortized Issuance Costs/Bond Premium and Discount**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond issuance costs, bond premium and discounts 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. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recorded as deferred charges and amortized over the term of the related debt.

Bond premiums on the capital appreciation bonds are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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

On the governmental fund financial statements, governmental fund types recognize issuance costs, bond premiums, and bond discounts in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**K. 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 and contractually required pension contributions 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 year. Loans, long-term notes, bonds, and capital leases that will be paid from governmental funds are recognized as an expenditure and liability in the governmental fund financial statements when due.

**L. Fund Balance Reserves**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute for fiscal year 2003.

**M. Net Assets**

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

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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

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

**N. 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.

**O. 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 appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. 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 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 in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

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

**P. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2003, the School District has implemented GASB Statement No. 41, “Budgetary Comparison Schedules - Perspective Differences.” This Statement allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparisons for the general and each major special revenue fund.

The implementation of this Statement had no effect on the fund balances of major and nonmajor funds of the School District as they were previously reported.

**NOTE 4 - ACCOUNTABILITY**

At June 30, 2003, the Disadvantaged Pupil Impact Aid, the Alternative School Challenge Grant, the Title IV Grant, and the Miscellaneous Federal Grants Special Revenue Funds had deficit fund balances of \$3,662, \$434, \$118, and \$147, 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 a reservation of fund balance (GAAP basis).

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**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.

<u>Net Change in Fund Balance</u>	
GAAP Basis	(\$146,144)
Adjustments:	
Revenue Accruals	86,587
Expenditure Accruals	55,737
Advances	(2,949)
Encumbrances	(307,323)
Write Down of Investments	9,198
Budget Basis	<u>(\$304,894)</u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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

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

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

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

*Deposits:* At fiscal year-end, the carrying amount of the School District's deposits was \$1,371,247 and the bank balance was \$1,728,028. Of the bank balance, \$199,007 was covered by federal depository insurance and \$1,529,021 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	<u>Category 2</u>	<u>Unclassified</u>	<u>Fair Value</u>
U.S. Government Securities:			
Federal Home Loan Mortgage Corporation Bonds	\$1,054,368	\$0	\$1,054,368
Federal National Mortgage Association Bonds	1,051,206	0	1,051,206
STAROhio	0	2,069,754	2,069,754
Total Investments	<u>\$2,105,574</u>	<u>\$2,069,754</u>	<u>\$4,175,328</u>



**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**NOTE 6 - DEPOSITS AND INVESTMENTS** (continued)

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

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

	Cash and Cash	
	<u>Equivalents / Deposits</u>	<u>Investments</u>
<i>GASB Statement No. 9</i>	\$5,546,575	\$0
Investments:		
Federal Home Loan Mortgage Corporation Bonds	(1,054,368)	1,054,368
Federal National Mortgage Association Bonds	(1,051,206)	1,051,206
STAR Ohio	<u>(2,069,754)</u>	<u>2,069,754</u>
<i>GASB Statement No. 3</i>	<u>\$1,371,247</u>	<u>\$4,175,328</u>

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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**NOTE 7 - PROPERTY TAXES** (continued)

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 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, 2003 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, 2003 was \$81,813 in the general fund, \$1,801 in the classroom facilities special revenue fund, and \$14,291 in the debt service fund. The amount available as an advance at June 30, 2002, was \$136,419 in the general fund, \$3,001 in the classroom facilities special revenue fund, and \$23,867 in the debt service fund.

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 has been deferred.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

**NOTE 7 - PROPERTY TAXES** (continued)

The assessed values upon which the fiscal year 2003 taxes were collected are:

	<u>2002 Second- Half Collections</u>		<u>2003 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$52,577,960	89.57%	\$53,660,950	90.23%
Public Utility	3,687,180	6.28%	3,729,290	6.27%
Tangible Personal Property	2,433,430	4.15%	2,082,020	3.50%
Total Assessed Value	<u>\$58,698,570</u>	<u>100.00%</u>	<u>\$59,472,260</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$34.68		\$34.68	

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2003, consisted of property taxes, accounts, intergovernmental grants, and accrued interest. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities:	
CAFS reimbursement	\$11,620
Scioto County JVS reimbursement	2,445
SF - 14 Tuition Reimbursements	1,753
Ohio School Facilities Commission	553,931
Special Education, Part B - IDEA	21,436
Title I	123,768
Title IV	2,183
Title II - A	<u>24,385</u>
Total Intergovernmental Receivables	<u>\$741,521</u>

During fiscal year 2001, the School District was awarded \$2,775,928 for the renovation of current facilities under the State's "Classroom Facilities Program." As of June 30, 2003, the School District had received \$2,221,997 of the amount awarded under this program.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Balance at 6/30/02	Additions	Deductions	Balance at 6/30/03
<b><u>Governmental Activities</u></b>				
Capital Assets Not Being Depreciated:				
Land	\$1,708,959	\$34,150	\$0	\$1,743,109
Construction in Progress	1,644,922	981,711	(1,824,620)	802,013
Total Capital Assets Not Being Depreciated	<u>3,353,881</u>	<u>1,015,861</u>	<u>(1,824,620)</u>	<u>2,545,122</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	24,255,368	2,012,375	0	26,267,743
Furniture and Equipment	3,932,462	621,926	(97,558)	4,456,830
Vehicles	1,204,975	80,101	0	1,285,076
Textbooks and Software	858,970	184,634	(21,704)	1,021,900
Total Capital Assets Being Depreciated	<u>30,251,775</u>	<u>2,899,036</u>	<u>(119,262)</u>	<u>33,031,549</u>
Less Accumulated Depreciation:				
Building and Improvements	(3,954,499)	(499,720)	0	(4,454,219)
Furniture and Equipment	(1,732,721)	(312,489)	82,445	(1,962,765)
Vehicles	(733,762)	(83,193)	0	(816,955)
Textbooks and Software	(660,390)	(123,725)	21,704	(762,411)
Total Accumulated Depreciation	<u>(7,081,372)</u>	<u>(1,019,127) *</u>	<u>104,149</u>	<u>(7,996,350)</u>
Total Capital Assets Being Depreciated, Net	<u>23,170,403</u>	<u>1,879,909</u>	<u>(15,113)</u>	<u>25,035,199</u>
Governmental Activities Capital Assets, Net	<u>\$26,524,284</u>	<u>\$2,895,770</u>	<u>(\$1,839,733)</u>	<u>\$27,580,321</u>

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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**NOTE 9 - CAPITAL ASSETS** (continued)

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$457,981
Special	80,093
Vocational	8,260
Support Services:	
Pupils	29,281
Instructional Staff	120,597
Administration	41,052
Fiscal	10,415
Operation and Maintenance of Plant	53,917
Pupil Transportation	89,500
Operation of Non-Instructional Services	58,331
Extracurricular Activities	69,700
Total Depreciation Expense	<u>\$1,019,127</u>

**NOTE 10 - RISK MANAGEMENT**

During fiscal year 2003, the School District joined together with other school districts in Ohio to participate in the Ohio Schools Risk Sharing Authority (OSRSA), a non-profit, public entity risk sharing pool. OSRSA was created to provide affordable liability, property, casualty and crime insurance coverage for its members. Each individual school district enters into an agreement with the OSRSA and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the OSRSA. (See Note 19) The types and amounts of coverage provided by the Ohio School Risk Sharing Authority during fiscal year 2003 are as follows:

Building and Contents (including Boiler and Machinery) and Inland Marine Coverage - replacement cost (\$1,000 deductible)	\$42,334,554
Earthquake Limit (\$100,000 deductible)	\$1,000,000
Flood Limit (\$100,000 deductible)	\$1,000,000
Equipment Breakdown (\$2,500 deductible)	\$25,000,000
Commercial Auto Coverage:	
Liability	\$1,000,000
Auto Medical	\$5,000
Uninsured Motorists Coverage	\$50,000
Comprehensive (\$1,000 deductible)	Actual Cash Value

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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**NOTE 10 - RISK MANAGEMENT** (continued)

General Liability:	
Bodily Injury and Property Damage - Each Occurrence Limit	\$1,000,000
Personal and Advertising Injury - Each Offense Limit	\$1,000,000
Products - Completed Operations Limit	\$1,000,000
General Aggregate Limit	\$3,000,000
Fire Legal Liability	\$500,000
Medical Expense - Per Person Limit	\$1,000
Medical Expense - Annual Aggregate	\$5,000
Errors and Omissions Cover - Per Occurance	\$1,000,000
Errors and Omissions Cover - Annual Aggregate	\$1,000,000
Automobile Liability:	
Owned / Leased Vehicles	\$1,000,000
Medical Payments - Occurance	\$1,000
Medical Payments - Aggregate	\$5,000
Uninsured Motorist	\$50,000
Physical Damage	\$100,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant decrease in general liability coverage from last year.

For fiscal year 2003, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating School Districts is calculated as one experience and a common premium rate is applied to all School Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Shakely Univservice, Inc. provides administrative, cost control and actuarial services to the GRP.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$137,104, \$85,506, and \$43,049, respectively; 58.51 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. \$56,884 represents the unpaid contribution for fiscal year 2003.

**B. State Teachers Retirement System**

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** (continued)

DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$786,729, \$496,629, and \$523,887, respectively; 84.42 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001. \$122,573 represents the unpaid contribution for fiscal year 2003.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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



**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**NOTE 12 - POSTEMPLOYMENT BENEFITS** (continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$60,518 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 8.17 percent of covered payroll, a decrease of 0.37 percent from fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$121,495.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**NOTE 13 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and ten month administrators 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 teachers, administrators and classified non-union. Classified union may accumulate up to a maximum of 220 days.

Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 49 days for teachers, administrators, classified nonunion and 47 days for classified union employees. As a further incentive to minimize sick leave use, the Board will pay an additional eight days of bonus retirement pay beyond the cap, if in the year of retirement, the employee has used less than eight days of sick leave and the unit member has the maximum sick leave accumulation.

**B. Insurance**

The School District provides medical and dental insurance to its teachers, administrators and classified nonunion through the Scioto County Schools Council, a public entity shared risk pool (see note 18). Teachers, administrators and classified nonunion are provided with life insurance through CoreSource and vision benefits through Vision Service Plan. Classified union employees are provided a health care plan through their union, Teamster Public Employees of Ohio Local No. 92.

**C. 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.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

**NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE**

The capital lease obligation relates to the construction of the high school athletic stadium complex. The School District entered into this lease on March 30, 2001. As part of the agreement, Oak Hill Bank, as lessor, deposited \$1,500,000 in the School District's savings account, to construct the athletic stadium complex. Amounts have been paid to contractors by the School District as the work has progressed. At fiscal year-end, the stadium being constructed under this lease has been capitalized as buildings and improvements in the statement of net assets for governmental activities in the amount of \$1,854,650. A liability of \$1,216,767 was recorded on the statement of net assets for governmental activities. Principal payments in fiscal year 2003 totaled \$123,499.

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 assets acquired through capital leases are as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Asset:			
Buildings and Improvements	<u>\$1,854,650</u>	<u>(\$34,712)</u>	<u>\$1,819,938</u>

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2003.

<u>Fiscal Year Ending June 30,</u>	<u>Total Payments</u>
2004	\$182,348
2005	182,210
2006	182,066
2007	181,917
2008	181,759
2009-2011	<u>544,256</u>
Total	1,454,556
Less: Amount Representing Interest	<u>(237,789)</u>
Present Value of Net Minimum Lease Payments	<u>\$1,216,767</u>

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

**NOTE 15 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during the fiscal year 2003 were as follows:

	Principal Outstanding 6/30/02	Additions	Deductions	Principal Outstanding 6/30/03	Amounts Due in One Year
<u>Governmental Activities:</u>					
1992 EPA Asbestos					
Loan 0.00%	\$45,155	\$0	\$5,312	\$39,843	\$5,312
1994 Classroom Facilities					
General Obligation					
Bonds 5.8% to 6.45%	145,000	0	70,000	75,000	75,000
General Obligation Bonds					
2001 Refunding Classroom Facilities					
Serial Bonds 3.3% to 5%	1,335,000	0	35,000	1,300,000	35,000
Original Issue Capital					
Appreciation Bonds	109,942	0	0	109,942	0
Accretion on Capital					
Appreciation Bonds	15,188	17,464	0	32,652	0
Premium on Debt Issue	133,660	0	14,989	118,671	0
Discount on Debt Issue	(874)	0	(109)	(765)	0
Deferred Loss on Early Retirement	(94,507)	0	(8,592)	(85,915)	0
1997 Promissory Note					
HB 264 - 5.36%	128,150	0	23,300	104,850	23,300
Capital Leases	1,340,266	0	123,499	1,216,767	129,196
Compensated Absences	464,894	131,236	12,437	583,693	162,697
Total Governmental Activities					
Long-Term Obligations	<u>\$3,621,874</u>	<u>\$148,700</u>	<u>\$275,836</u>	<u>\$3,494,738</u>	<u>\$430,505</u>

*EPA Asbestos Loan* - In 1993 Washington-Nile Local School District obtained a loan in the amount of \$95,619 for the purpose of providing asbestos removal. The loan was issued for an eighteen year period with final maturity during fiscal year 2011. The loan is interest free and will be retired from the debt service fund.

*1994 Classroom Facilities Bonds* - In 1994, the school District issued \$2,032,351 in voted general obligation bonds for the purpose of constructing a new high school and elementary school, with renovations to the middle school. The bonds were issued for a twenty-three year period with final maturity at December 1, 2016. Bonds with a maturity of 2004 through 2016 were advance refunded. During fiscal year 2003, \$70,000 in principal was paid on the remaining outstanding bonds. Non-callable bonds in the amount of \$75,000 were left outstanding.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

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

*2001 Classroom Facilities Bonds* - On July 1, 2001, the District issued \$1,464,942 in General Obligation Bonds to advance refund \$1,465,000 of outstanding 1994 Classroom Facilities General Obligation Bonds with an interest rate of 5.8% to 6.6%. The bond issue included serial and capital appreciation bonds in the amounts of \$1,355,000 and \$109,942, respectively, with interest rates ranging from 3.30% to 5.00%. The capital appreciation bonds will mature in fiscal years 2011, 2012, and 2013. The maturity amount of the capital appreciation bonds is \$145,000 in fiscal year 2011, \$140,000 in fiscal year 2012, and \$140,000 in fiscal year 2013, for a total of \$425,000. As of June 30, 2003, the capital appreciation bonds were accreted \$32,652. Issuance costs associated with the bond issue will be amortized over the term of the bonds.

The advance refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of \$103,098. This difference, reported in the financial statements as a deduction from bonds payable, will be charged to operations through the year 2014 using the effective interest method. The School District decreased its total debt service payments by \$301,177 as a result of the advance refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$247,157. The General Obligation Refunding Bonds will be paid through the Debt Service Fund with property tax levy revenue.

The total outstanding bond value of the advance refunding as of fiscal year-end 2003 was \$1,442,594. The total bond value at final maturity will be \$1,760,000.

The District received proceeds of \$1,612,608, which included a net premium of \$147,666. \$1,568,098 of the proceeds (after payment of \$45,154 in underwriting fees, insurance, accrued interest and other issuance costs) was used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1994 Classroom Facilities General Obligation Bonds. As a result, a significant portion of the 1994 Classroom Facilities General Obligation Bonds are considered to be defeased and the liability for these bonds has been reduced. Of the defeased bonds, \$1,465,000 remained outstanding at June 30, 2003.

*1997 Promissory Note H. B. 264* - On July 23, 1997, the School District issued a ten year \$233,000 note for the purpose of implementing energy conservation measures under the provisions of H.B. 264 at the middle school. This note is backed by the full faith and credit of the School District and the note will be repaid with general funds.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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

Compensated absences will be paid from the General fund and the Food Service, Disadvantage Pupil Impact Aid, and Title I special revenue funds from which the employees' salaries are paid.

The School District's overall legal debt margin was \$3,966,556 with an unvoted debt margin of \$59,472, and an Energy Conservation debt margin of \$495,407 at June 30, 2003.

Principal and interest requirements to retire 1994 general obligation debt outstanding at June 30, 2003, are as follows:

Fiscal year	Serial Bonds	Serial Bonds	
<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	<u>\$75,000</u>	<u>\$2,344</u>	<u>\$77,344</u>

Principal and interest requirements to retire 2001 general obligation debt outstanding at June 30, 2003, are as follows:

Fiscal year	Serial Bonds	Serial Bonds	Capital	Capital	
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Appreciation</u>	<u>Appreciation</u>	<u>Total</u>
<u>June 30,</u>			<u>Bonds Principal</u>	<u>Bonds Interest</u>	
2004	35,000	55,448	\$0	\$0	\$90,448
2005	115,000	52,748	0	0	167,748
2006	120,000	48,398	0	0	168,398
2007	125,000	43,680	0	0	168,680
2008	130,000	38,610	0	0	168,610
2009-2013	275,000	133,548	109,942	315,058	833,548
2014-2017	<u>500,000</u>	<u>43,811</u>	<u>0</u>	<u>0</u>	<u>543,811</u>
Total	<u>\$1,300,000</u>	<u>\$416,243</u>	<u>\$109,942</u>	<u>\$315,058</u>	<u>\$2,141,243</u>

The interest on the capital appreciation bonds represents the accretion of the deep-discounted bonds from the initial value at the time of issuance to their value at final maturity.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

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

Principal requirements to retire EPA Asbestos Loan outstanding at June 30, 2003, are as follows:

<u>EPA Asbestos Loan - 1992</u>	
Fiscal year	
<u>Ending June 30,</u>	<u>Principal</u>
2004	\$5,312
2005	5,312
2006	5,312
2007	5,312
2008	5,312
2009-2011	<u>13,283</u>
Total	<u><u>\$39,843</u></u>

Principal requirements to retire H. B. 264 Promissory Note outstanding at June 30, 2003, are as follows:

<u>H. B. Promissory Note - 1997</u>	
Fiscal year	
<u>Ending June 30,</u>	<u>Principal</u>
2004	\$23,300
2005	23,300
2006	23,300
2007	23,300
2008	<u>11,650</u>
Total	<u><u>\$104,850</u></u>

**NOTE 16 - INTERFUND ACTIVITY**

As of June 30, 2003, interfund receivables and payables that resulted from various interfund transactions were as follows:

		<u>Receivable</u>
		<u>General</u>
<b>Payable</b>	All Other	
	Nonmajor Funds	<u><u>\$2,949</u></u>

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 the receiving of 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.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

**NOTE 16 - INTERFUND ACTIVITY** (continued)

Transfers made during the year ended June 30, 2003 were as follows:

		<b>Transfers From</b>		
		<u>General</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Transfers To</b>	Ohio School			
	Facilities Commission	\$32,164	\$0	\$32,164
	All Other			
	Nonmajor Funds	<u>448,591</u>	<u>3,712</u>	<u>452,303</u>
	Totals	<u>\$480,755</u>	<u>\$3,712</u>	<u>\$484,467</u>

General fund transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. The transfers from the Nonmajor funds were made to move balances from old grants/projects to new grants/projects due to changes implemented during fiscal year 2003.

**NOTE 17 - 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 Adams, Brown, Highland, Lawrence, Pike, Ross, Jackson, Vinton and Scioto 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 \$21,462 for services provided during the year. Financial information can be obtained from the 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.



**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

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**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS** (continued)

*Coalition of Rural and Appalachian Schools* - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Council. During fiscal year 2003, the School District paid the Coalition \$300 for annual membership dues.

*Pilasco-Ross Special Education Regional Resource Center* - The Pilasco-Ross Special Education Regional Resource Center (SERRC) is a special education service center which represents Lawrence, Pike, Ross and Scioto Counties. The SERRC selects its own governing board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of county boards of MR/DD, Joint Vocational Schools, Pickaway-Ross CTC, Shawnee State University, and Pike, Ross, Lawrence and South Central Ohio Educational Service Centers, whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The Washington-Nile Local School District's superintendent is on the SERRC Board. The fiscal agent for the SERRC is Dawson-Bryant Local School District. Financial information can be obtained by contacting Donald Washburn, Director of Pilasco-Ross, at the South Central Ohio Educational Service Center, 411 Court Street, Portsmouth, Ohio 45663.

**NOTE 18 - 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.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**NOTE 18 - PUBLIC ENTITY SHARED RISK POOL** (continued)

The School District pays premiums based on what the Council estimates will cover the costs of all claims for which the Council is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Council views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the fiscal agent, South Central Ohio Educational Service Center at Fourth and Court Streets, Portsmouth, Ohio 45662.

**NOTE 19 – RISK SHARING POOL**

*Ohio Schools Risk Sharing Authority, Inc.* - The Ohio Schools Risk Sharing Authority, Inc. (OSRSA) is a risk sharing pool serving school districts in Ohio. OSRSA was formed as an Ohio non-profit corporation for the purpose of administering a joint self-insurance pool and assisting members to prevent and reduce losses and injuries to District property and persons and property which might result in claims being made against members of OSRSA. Member school districts agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by OSRSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and educators' errors and omissions liability insurance.

Each member school district has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine directors. Only superintendents, treasurers, or business managers of member school districts are eligible to serve on the board. No school district may have more than one representative on the board at any time. Each member school district's control over the budgetary and financing of OSRSA is limited to its voting authority and any representative it may have on the board of directors. Financial information can be obtained from OSRSA at 655 Metro Place South, Suite 900, Dublin, Ohio 43017.

**NOTE 20 - INSURANCE PURCHASING POOL**

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

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2003

**NOTE 21 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Set-aside Reserve Balance as of June 30, 2002	\$34,824	\$0	\$34,824
Current Year Set-aside Requirement	231,144	231,144	462,288
Current Year Offsets	0	(107,645)	(107,645)
Qualifying Disbursements	<u>(263,883)</u>	<u>(123,499)</u>	<u>(387,382)</u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$2,085</u>	<u>\$0</u>	<u>\$2,085</u>

**NOTE 22 – CONTRACTUAL COMMITMENTS**

The School District contracted for the design and construction of a new high school athletic complex and renovations to the middle school. The outstanding construction commitments at June 30, 2003 are:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/03</u>
BBL Construction	\$156,896	\$57,900	\$98,996
Stevens Construction	1,248,976	325,356	923,620
CIMCO Inc.	227,000	17,596	209,404
Mechanical Construction	63,700	0	63,700
West End Electric	245,280	0	245,280
Tanner & Stone	<u>168,184</u>	<u>130,444</u>	<u>37,740</u>
Total	<u>\$2,110,036</u>	<u>\$531,296</u>	<u>\$1,578,740</u>

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2003

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**NOTE 23 – STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**NOTE 24 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

**B. Litigation**

The School District is currently not party to any pending litigation.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b><u>UNITED STATES DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	NA	10.550	\$	\$ 33,945	\$	\$ 33,945
School Breakfast Program	05-PU	10.553	49,142		49,142	
National School Lunch Program	LLP4	10.555	208,508		208,508	
Total United States Department of Agriculture - Nutrition Cluster			257,650	33,945	257,650	33,945
<b><u>UNITED STATES DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</u></b>						
<i>Passed through State Board of MRDD</i>						
Medical Assistance Program	N/A	93.778	47,661		47,661	
Total United States Department of Health & Human Services			47,661		47,661	
<b><u>UNITED STATES DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States (IDEA Part B)	6B-SF	84.027	161,526		172,684	
Title I Grants to Local Educational Agencies (ESEA Title I)	C1-S1	84.010	744,985		889,617	
Eisenhower Professional Development State Grants (Title II)	MS-S1	84.281	(467)		6,752	
Safe and Drug-Free Schools and Communities State Grants (Title IV)	DR-S1	84.186	13,154		14,785	
Innovative Education Program Strategies (Title V)	C2-S1	84.298	11,721		11,721	
Goals 2000 Baldrige Grant	G2-S2	84.276	-		150	
Title VI-R Grant	CR-S1	84.340	21,187		22,730	
Improving Teacher Quality State Grants (Title II-A)	TR-S1	84.367	139,351		139,016	
Education Technology State Grants (Title II-D)	TJ-S1	84.318	20,190		20,190	
Rural Education (Title VI-B)	RU-S1	84.358	33,922		33,922	
Reading Excellence	RN-S2	84.338	10,821		59,780	
<i>Passed through Shawnee State University</i>						
School to Work	NA	17.249	4,445		4,445	
<i>Passed through Scioto County Joint Vocational School District</i>						
Twenty-First Century Community Learning Centers	NA	84.287	37,766		35,887	
Total Department of Education			1,198,601	0	1,411,679	0
<b>Totals Federal Awards Receipts and Expenditures</b>			<b>\$ 1,503,912</b>	<b>\$ 33,945</b>	<b>\$ 1,716,990</b>	<b>\$ 33,945</b>

*The accompanying Notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this schedule.*

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS  
RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2003**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the United States Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

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

**NOTE C – RECLASSIFICATION OF FEDERAL FUNDS**

Title II, formerly known as the Eisenhower Professional Development grant, has been combined with Title II-A, the Improving Teacher Quality grant. The \$1,917 remaining in the Title II grant were transferred to the Title II-A grant. The transfer is presented as a reduction of Title II receipts, resulting in negative receipts of (\$467). The following table summarizes the transfers:

Program Title	Federal CFDA Number	Transfer In	Transfer Out
Eisenhower Professional Development (Title II)	84.281		\$1,917
Improving Teacher Quality (Title II-A)	84.367	\$1,917	



## **Auditor of State Betty Montgomery**

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

Washington-Nile Local School District  
Scioto County  
15332 U.S. Highway 52  
West Portsmouth, Ohio 45663

To the Board of Education:

We have audited the basic financial statements of the Washington-Nile Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2003, and have issued our report thereon dated November 24, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the School District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated November 24, 2003.

Washington-Nile Local School District  
Scioto County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 24, 2003





## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Washington-Nile Local School District  
Scioto County  
15332 U.S. Highway 52  
West Portsmouth, Ohio 45663

To the Board of Education:

#### Compliance

We have audited the compliance of the Washington-Nile Local School District, Scioto County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The School District's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

#### Internal Control Over Compliance

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

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 24, 2003

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

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

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

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

This audit of the Washington-Nile Local School District, Scioto County for the year ended June 30, 2003 contained no findings that are required to be reported in accordance with GAGAS.

**3. FINDINGS FOR FEDERAL AWARDS**

This audit of the Washington-Nile Local School District, Scioto County for the year ended June 30, 2003 contained no findings for federal awards.





**Auditor of State  
Betty Montgomery**

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**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 3, 2004**