



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Washington-Nile Local School District
Scioto County
15332 US 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 Washington-Nile Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Washington-Nile Local School District, Scioto County, Ohio, as of June 30, 2009, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2010, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting 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 opine on the financial statements that collectively comprise the School District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by US 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 Federal Awards Receipts and Expenditures Schedule 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 3, 2010

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

As management of the Washington-Nile Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the basic financial statements and additional information that we have provided in the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- Net assets of governmental activities increased \$14,119,656. This was mainly due to the grant award from the Ohio School Facilities Commission for the new middle school project.
- Total assets of governmental activities increased \$14,660,329. Capital assets decreased \$247,079. Receivables and other current assets increased \$14,907,408.
- General revenues accounted for \$27,059,264. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$4,602,168. Total revenues equaled \$31,661,432.
- The School District had \$17,541,776 in expenses related to governmental activities; only \$4,602,168 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest. General revenues (primarily grants, entitlements and property taxes) of \$27,059,264 were adequate to provide for these programs.

Using the Basic Financial Statements

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

Reporting the School District as a Whole

One of the most important questions asked about the School District is “How did we do financially during fiscal year 2009?”

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 government-wide financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. The change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

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, which are the General Fund and the Ohio School Facilities Commission Capital Projects Fund.

Governmental Funds - All of the School District's activities are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps 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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

Fiduciary Funds - The School District's fiduciary funds are a private purpose trust fund and an agency fund. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. 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.

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 year 2009 and fiscal year 2008:

(Table 1)
Net Assets
Governmental Activities

	2009	2008	Increase/ (Decrease)
<u>Assets:</u>			
Current Assets	\$22,079,706	\$7,172,298	\$14,907,408
Capital Assets, Net	26,146,039	26,393,118	(247,079)
Total Assets	48,225,745	33,565,416	14,660,329
<u>Liabilities:</u>			
Other Liabilities	3,902,726	3,090,342	812,384
Long-Term Liabilities	1,694,516	1,966,227	(271,711)
Total Liabilities	5,597,242	5,056,569	540,673
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	25,073,194	25,019,342	53,852
Restricted	16,179,996	1,393,651	14,786,345
Unrestricted	1,375,313	2,095,854	(720,541)
Total Net Assets	\$42,628,503	\$28,508,847	\$14,119,656

Total assets increased \$14,660,329. This was mainly due to a significant increase of \$13,054,576 in Intergovernmental Receivables resulting from the grant award from the Ohio School Facilities Commission for the new middle school facility.

Total liabilities increased \$540,673. This was due primarily to a large increase in Contracts Payable resulting from the new middle school construction project.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

Invested in Capital Assets, Net of Related Debt for governmental activities increased \$53,852, which was insignificant. Restricted Net Assets increased \$14,786,385 due to the grant award from the Ohio School Facilities Commission for the new middle school facility. Unrestricted Net Assets for governmental activities decreased \$720,541 resulting primarily from transfers to Restricted Net Assets to help fund the middle school construction project.

Table 2 shows the highlights of the School District's revenues and expenses. These two main components are subtracted to yield the change in net assets. This table uses the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales, operating grants, contributions and interest and capital grants and contributions. General Revenues include property taxes, unrestricted grants, such as State foundation support, contributions and donations, interest and miscellaneous revenues.

Expenses are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

(Table 2)
Change in Net Assets
Governmental Activities

	2009	2008	Increase/ (Decrease)
<u>Revenues:</u>			
Program Revenues:			
Charges for Services and Sales	\$1,673,954	\$1,738,961	(\$65,007)
Operating Grants, Contributions and Interest	2,898,629	2,614,056	284,573
Capital Grants and Contributions	29,585	14,057	15,528
<i>Total Program Revenues</i>	<u>4,602,168</u>	<u>4,367,074</u>	<u>235,094</u>
General Revenues:			
Property Taxes	1,604,407	1,581,409	22,998
Grants and Entitlements not Restricted to Specific Programs	25,236,352	9,546,242	15,690,110
Contributions and Donations	10,000	0	10,000
Interest	164,467	216,002	(51,535)
Miscellaneous	44,038	94,376	(50,338)
<i>Total General Revenues</i>	<u>27,059,264</u>	<u>11,438,029</u>	<u>15,621,235</u>
<i>Total Revenues</i>	<u>\$31,661,432</u>	<u>\$15,805,103</u>	<u>\$15,856,329</u>

(continued)

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

(Table 2)

Change in Net Assets

Governmental Activities

(continued)

	<u>2009</u>	<u>2008</u>	<u>Increase/ (Decrease)</u>
<u>Program Expenses:</u>			
Instruction:			
Regular	\$6,960,655	\$6,965,393	(\$4,738)
Special	2,150,255	1,800,874	349,381
Vocational	104,549	123,095	(18,546)
Student Intervention Services	116,813	138,117	(21,304)
Support Services:			
Pupils	821,888	832,813	(10,925)
Instructional Staff	904,038	844,002	60,036
Board of Education	79,160	91,870	(12,710)
Administration	1,106,349	1,101,477	4,872
Fiscal	265,348	299,352	(34,004)
Operation and Maintenance of Plant	2,667,055	1,769,886	897,169
Pupil Transportation	994,892	853,964	140,928
Operation of Non-Instructional Services:			
Food Service Operations	805,077	834,139	(29,062)
Extracurricular Activities	479,044	380,710	98,334
Interest and Fiscal Charges	86,653	94,597	(7,944)
<i>Total Expenses</i>	<u>17,541,776</u>	<u>16,130,289</u>	<u>1,411,487</u>
<i>Change in Net Assets</i>	14,119,656	(325,186)	14,444,842
<i>Net Assets at Beginning of Year</i>	<u>28,508,847</u>	<u>28,834,033</u>	<u>(325,186)</u>
<i>Net Assets at End of Year</i>	<u>\$42,628,503</u>	<u>\$28,508,847</u>	<u>\$14,119,656</u>

Governmental Activities

Program revenues increased \$235,094 due primarily to an increase in Title I funding. General revenues increased \$15,621,235, which is due to a large increase in Grants and Entitlements not Restricted to Specific Programs as a result of the grant award for the middle school construction project.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

Regular Instruction accounted for \$6,960,655 of governmental program expenses while Support Services expenses totaled \$6,838,730 of governmental program expenses. Program expenses increased \$1,411,487. Special Instruction increased \$349,381 due primarily to the addition of a new teacher and a significant increase in expenditures related to the ESC co-op special education program. Operation and Maintenance of Plant increased \$897,169 due mostly to architect fees and other expenditures related to the middle school project that were not capitalized.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$18,470,364 and expenditures of \$17,564,647. The net change in fund balance for the fiscal year was most significant in the Ohio School Facilities Commission Capital Projects Fund, an increase of \$1,652,068. This increase was due to monies received for the new middle school project.

The net change in fund balance for the fiscal year in the General Fund was a decrease of \$761,209. This was primarily due to transfers to other funds for debt service, maintenance costs and expenditures related to the new middle school project.

General Fund – Budget Highlights

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

During fiscal year 2009, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund's original and final budgeted amounts is listed on page 17, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, final estimated revenues were \$11,985,136, with original estimated revenues of \$12,097,550, a difference of \$112,414. The largest decrease was in Property Taxes Revenue due to the phaseout of business personal property taxes. The largest increase was in Intergovernmental Revenue. This was due to the increase in the reimbursement by the State for the phaseout of business personal property taxes.

Final estimated expenditures were \$12,342,474, with original estimated expenditures of \$13,907,198. This difference of \$1,564,724 was due primarily to including the costs of the middle school project in the various functions rather than budgeting them as transfers out to be expended from the Capital Projects Funds.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Unaudited

Capital Assets

At the end of fiscal year 2009, the School District had \$26,146,039 invested in capital assets (net of accumulated depreciation), for a decrease of \$247,079 from the prior fiscal year. This decrease occurred due to current year deletions and depreciation exceeding current year additions. For additional information regarding the School District's capital assets, refer to Note 8 in the basic financial statements.

Debt

At June 30, 2009, the School District had \$7,971 outstanding on the EPA Asbestos loan, of which \$5,312 is due within one year, and \$640,000 in serial bonds outstanding, of which \$140,000 is due within one year. The School District also had capital appreciation bonds outstanding of \$109,942, accretion on capital appreciation bonds of \$202,335, an outstanding premium of \$28,737, a discount of \$111, a deferred loss on the early retirement of debt of \$34,365, and capital lease obligations of \$346,498, of which \$169,343 is due within one year. For further information regarding the School District's long-term obligations, refer to Note 14 in the basic financial statements

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Sherry Patterson, Treasurer at Washington-Nile Local School District, 15332 U.S. Hwy 52, West Portsmouth, Ohio 45663, or e-mail at sloakes@west.k12.oh.us.

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WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$6,702,640
Materials and Supplies Inventory	27,176
Inventory Held for Resale	7,172
Accrued Interest Receivable	49,913
Accounts Receivable	9,873
Intergovernmental Receivable	13,419,200
Prepaid Items	16,060
Property Taxes Receivable	1,829,816
Deferred Charges	17,856
Capital Assets:	
Land and Construction in Progress	2,294,819
Depreciable Capital Assets, Net	<u>23,851,220</u>
<i>Total Assets</i>	<u>48,225,745</u>
<u>Liabilities:</u>	
Accounts Payable	209,867
Contracts Payable	640,628
Accrued Wages and Benefits Payable	1,215,266
Intergovernmental Payable	375,701
Retainage Payable	43,522
Deferred Revenue	1,415,216
Accrued Interest Payable	2,526
Long-Term Liabilities:	
Due Within One Year	421,111
Due in More Than One Year	<u>1,273,405</u>
<i>Total Liabilities</i>	<u>5,597,242</u>
<u>Net Assets:</u>	
Invested in Capital Assets, Net of Related Debt	25,073,194
Restricted for Debt Service	517,395
Restricted for Capital Projects	15,069,912
Restricted for Other Purposes	470,855
Restricted for Set-Asides	121,834
Unrestricted	<u>1,375,313</u>
<i>Total Net Assets</i>	<u><u>\$42,628,503</u></u>

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2009

		Program Revenues			Net (Expense)
		Charges for	Operating Grants,	Capital Grants	Revenue and Changes
	Expenses	Services and Sales	Contributions and Interest	and Contributions	in Net Assets
					Total
					Governmental
					Activities
<u>Governmental Activities:</u>					
Instruction:					
Regular	\$6,960,655	\$1,079,471	\$391,309	\$0	(\$5,489,875)
Special	2,150,255	1,873	1,665,468	0	(482,914)
Vocational	104,549	0	11,464	0	(93,085)
Student Intervention Services	116,813	0	0	0	(116,813)
Support Services:					
Pupils	821,888	0	60,864	0	(761,024)
Instructional Staff	904,038	0	311,911	0	(592,127)
Board of Education	79,160	0	0	0	(79,160)
Administration	1,106,349	0	41,559	0	(1,064,790)
Fiscal	265,348	0	0	0	(265,348)
Operation and Maintenance of Plant	2,667,055	0	0	0	(2,667,055)
Pupil Transportation	994,892	17,531	43,204	29,585	(904,572)
Operation of Non-Instructional Services:					
Food Service Operations	805,077	320,715	372,850	0	(111,512)
Extracurricular Activities	479,044	254,364	0	0	(224,680)
Interest and Fiscal Charges	86,653	0	0	0	(86,653)
Total Governmental Activities	\$17,541,776	\$1,673,954	\$2,898,629	\$29,585	(12,939,608)
<u>General Revenues:</u>					
Property Taxes Levied for:					
					1,376,680
					24,759
					202,968
Grants and Entitlements not					
Restricted to Specific Programs:					
					9,573,360
					15,662,992
					10,000
					164,467
					44,038
Total General Revenues					27,059,264
Change in Net Assets					14,119,656
Net Assets at Beginning of Year					28,508,847
Net Assets at End of Year					\$42,628,503

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2009

	General	Ohio School Facilities Commission	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$2,788,924	\$2,327,407	\$1,443,016	\$6,559,347
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	143,293	0	0	143,293
Receivables:				
Property Taxes	1,574,352	0	255,464	1,829,816
Accounts	4,357	0	5,516	9,873
Intergovernmental	2,006	13,136,362	280,832	13,419,200
Accrued Interest	45,863	4,050	0	49,913
Interfund	5,974	0	0	5,974
Prepaid Items	15,910	0	150	16,060
Materials and Supplies Inventory	27,176	0	0	27,176
Inventory Held for Resale	0	0	7,172	7,172
Total Assets	\$4,607,855	\$15,467,819	\$1,992,150	\$22,067,824
<u>Liabilities and Fund Balances:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$107,517	\$21,218	\$81,132	\$209,867
Contracts Payable	0	625,803	14,825	640,628
Accrued Wages and Benefits Payable	869,695	0	345,571	1,215,266
Intergovernmental Payable	289,819	0	85,882	375,701
Interfund Payable	0	0	5,974	5,974
Retainage Payable	0	32,368	11,154	43,522
Deferred Revenue	1,514,190	13,136,362	393,559	15,044,111
Total Liabilities	2,781,221	13,815,751	938,097	17,535,069
<u>Fund Balances:</u>				
Reserved for Encumbrances	348,336	1,143,691	107,261	1,599,288
Reserved for Property Taxes	104,177	0	17,467	121,644
Reserved for Textbooks and Instructional Materials	121,834	0	0	121,834
Reserved for Bus Purchases	21,459	0	0	21,459
Unreserved:				
Designated for Future Severance Payments	213,191	0	0	213,191
Unreserved, Undesignated, Reported in:				
General Fund	1,017,637	0	0	1,017,637
Special Revenue Funds	0	0	246,224	246,224
Debt Service Fund	0	0	467,678	467,678
Capital Projects Funds	0	508,377	215,423	723,800
Total Fund Balances	1,826,634	1,652,068	1,054,053	4,532,755
Total Liabilities and Fund Balances	\$4,607,855	\$15,467,819	\$1,992,150	\$22,067,824

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, 2009

Total Governmental Fund Balances \$4,532,755

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

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

Land	1,852,309	
Construction in progress	442,510	
Other capital assets	35,280,446	
Accumulated depreciation	(11,429,226)	
Total capital assets		26,146,039

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	292,956	
Intergovernmental	13,287,806	
Interest	41,668	
Customer sales and services	6,465	
		13,628,895

Bond issuance costs reported as an expenditure in governmental funds are recognized as an asset and allocated as an expense over the life of the debt on a full accrual basis. 17,856

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

Bonds, loans, and notes payable	(757,913)	
Loss on Refunding	34,365	
Accretion on bonds	(202,335)	
Discount on debt issue	111	
Premium on debt issue	(28,737)	
Accrued interest on bonds	(2,526)	
Capital lease	(346,498)	
Compensated absences	(393,509)	
Total liabilities		(1,697,042)

Net Assets of Governmental Activities \$42,628,503

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, 2009

	General	Ohio School Facilities Commission	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$1,316,434	\$0	\$217,610	\$1,534,044
Intergovernmental	9,375,341	2,526,630	3,142,588	15,044,559
Interest	153,470	4,913	1,358	159,741
Decrease in Fair Value of Investments	(358)	0	0	(358)
Tuition and Fees	1,064,909	0	0	1,064,909
Extracurricular Activities	0	0	258,287	258,287
Customer Sales and Services	34,084	0	320,560	354,644
Contributions and Donations	10,500	0	0	10,500
Miscellaneous	41,852	0	2,186	44,038
<i>Total Revenues</i>	<u>11,996,232</u>	<u>2,531,543</u>	<u>3,942,589</u>	<u>18,470,364</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	5,497,276	0	978,960	6,476,236
Special	976,254	0	1,102,769	2,079,023
Vocational	92,732	0	0	92,732
Student Intervention Services	49,538	0	64,415	113,953
Support Services:				
Pupils	695,442	0	89,910	785,352
Instructional Staff	509,966	0	364,991	874,957
Board of Education	79,160	0	0	79,160
Administration	1,003,931	0	46,925	1,050,856
Fiscal	262,434	0	5,622	268,056
Operation and Maintenance of Plant	1,647,566	256,879	137,040	2,041,485
Pupil Transportation	962,521	0	78,540	1,041,061
Operation of Non-Instructional Services:				
Food Service Operations	7,814	0	714,798	722,612
Extracurricular Activities	134,094	0	270,792	404,886
Capital Outlay	19,636	942,249	217,269	1,179,154
Debt Service:				
Principal Retirement	0	0	302,187	302,187
Interest and Fiscal Charges	0	0	52,937	52,937
<i>Total Expenditures</i>	<u>11,938,364</u>	<u>1,199,128</u>	<u>4,427,155</u>	<u>17,564,647</u>
Excess of Revenues Over (Under) Expenditures	<u>57,868</u>	<u>1,332,415</u>	<u>(484,566)</u>	<u>905,717</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	319,653	499,515	819,168
Transfers Out	(819,077)	0	(91)	(819,168)
<i>Total Other Financing Sources (Uses)</i>	<u>(819,077)</u>	<u>319,653</u>	<u>499,424</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(761,209)	1,652,068	14,858	905,717
<i>Fund Balances at Beginning of Year</i>	<u>2,587,843</u>	<u>0</u>	<u>1,039,195</u>	<u>3,627,038</u>
<i>Fund Balances at End of Year</i>	<u>\$1,826,634</u>	<u>\$1,652,068</u>	<u>\$1,054,053</u>	<u>\$4,532,755</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, 2009

Net Change in Fund Balances - Total Governmental Funds \$905,717

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

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

Capital assets additions	465,836	
Construction in progress additions	442,510	
Depreciation expense	(830,054)	
Excess of capital outlay over depreciation expense		78,292

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets are removed from the capital assets account in the Statement of Net Assets and offset against the proceeds from the sale of capital assets resulting in a loss on the sale of capital assets in the Statement of Activities.

Loss on disposal of capital assets	(325,371)
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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	70,363	
Intergovernmental	13,118,999	
Interest	5,592	
Customer sales and services	(3,886)	
		13,191,068

Amortization of bond issuance costs, bond premiums, bond discounts, the deferred loss on the refunding of debt, as well as accrued interest payable and accretion on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt on a full accrual basis.

Amortization of bond issuance costs	(2,233)	
Amortization of bond premium	14,989	
Amortization of bond discount	(109)	
Amortization of deferred loss on early retirement	(8,591)	
Decrease in accrued interest payable	472	
Accretion on bonds	(38,244)	
		(33,716)

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

Loan principal retirement	5,312	
Bond payments	135,000	
Capital lease payments	161,875	
Total long-term debt repayment		302,187

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

Decrease in compensated absences payable	1,479
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Change in Net Assets of Governmental Activities \$14,119,656

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, 2009

	<u>Budget Amounts</u>		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$1,536,000	\$1,292,647	\$1,292,647	\$0
Intergovernmental	9,260,708	9,375,520	9,375,520	0
Interest	151,649	153,529	153,529	0
Tuition and Fees	1,051,634	1,064,672	1,064,672	0
Customer Sales and Services	34,480	34,907	34,907	0
Contributions and Donations	10,371	10,500	10,500	0
Miscellaneous	52,708	53,361	53,361	0
<i>Total Revenues</i>	<u>12,097,550</u>	<u>11,985,136</u>	<u>11,985,136</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,237,611	5,535,806	5,535,806	0
Special	1,177,296	1,044,836	1,044,836	0
Vocational	108,999	96,735	96,735	0
Student Intervention Services	55,775	49,500	49,500	0
Support Services:				
Pupils	815,642	723,873	723,873	0
Instructional Staff	584,735	518,945	518,945	0
Board of Education	122,342	108,577	108,577	0
Administration	1,137,091	1,009,155	1,009,155	0
Fiscal	317,070	281,396	281,396	0
Operation and Maintenance of Plant	1,951,802	1,732,201	1,732,201	0
Pupil Transportation	1,207,848	1,071,951	1,071,951	0
Operation of Non-Instructional Services:				
Food Service Operations	8,896	7,895	7,895	0
Extracurricular Activities	159,290	141,368	141,368	0
Capital Outlay	22,801	20,236	20,236	0
<i>Total Expenditures</i>	<u>13,907,198</u>	<u>12,342,474</u>	<u>12,342,474</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(1,809,648)</u>	<u>(357,338)</u>	<u>(357,338)</u>	<u>0</u>
<u>Other Financing Sources (Uses):</u>				
Advances In	92,150	92,150	92,150	0
Transfers Out	0	(819,077)	(819,077)	0
Advances Out	0	(5,974)	(5,974)	0
<i>Total Other Financing Sources (Uses)</i>	<u>92,150</u>	<u>(732,901)</u>	<u>(732,901)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,717,498)	(1,090,239)	(1,090,239)	0
<i>Fund Balance at Beginning of Year</i>	3,287,921	3,287,921	3,287,921	0
<i>Prior Year Encumbrances Appropriated</i>	<u>339,123</u>	<u>339,123</u>	<u>339,123</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,909,546</u>	<u>\$2,536,805</u>	<u>\$2,536,805</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2009

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$98,801	\$15,404
Receivables:		
Accrued Interest	1,969	0
	<u> </u>	<u> </u>
<i>Total Assets</i>	100,770	<u><u>\$15,404</u></u>
<u>Liabilities:</u>		
Undistributed Monies	0	<u><u>\$15,404</u></u>
<u>Net Assets:</u>		
Held in Trust for Scholarships	<u><u>\$100,770</u></u>	

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets

Fiduciary Fund

For the Fiscal Year Ended June 30, 2009

	<u>Private Purpose Trust</u>
	<u>Scholarships</u>
<u>Additions:</u>	
Interest	\$3,254
Gifts and Donations	<u>4,137</u>
<i>Total Additions</i>	7,391
<u>Deductions:</u>	
Scholarships	<u>11,500</u>
<i>Change in Net Assets</i>	(4,109)
<i>Net Assets at Beginning of Year</i>	<u>104,879</u>
<i>Net Assets at End of Year</i>	<u><u>\$100,770</u></u>

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, 2009

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 Washington and Nile Townships. It is staffed by 66 non-certificated employees, 116 certificated full-time teaching personnel and 10 administrative employees who provide services to 1,552 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 has no component units.

The School District participates in four organizations, two of which are defined as jointly governed organizations, one as a public entity shared risk pool, and one as an insurance purchasing pool. These organizations are presented in Note 16 to the basic financial statements.

Jointly Governed Organizations:

South Central Ohio Computer Association
Coalition of Rural and Appalachian Schools

Public Entity Shared Risk Pool:

Scioto County Schools Council

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

(continued)

Insurance Purchasing Pool:

Ohio School Boards Association Workers' Compensation Group Rating
Plan

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to 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.

Basis of Presentation

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

Government-wide Financial Statements

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

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

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. 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. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Ohio School Facilities Commission Capital Projects Fund – This Fund is used to account for monies received and expended by the School District in connection with contracts entered into by the School District and the Ohio School Facilities Commission 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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the financial statements of the fiduciary funds 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 that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance, grants, accrued interest, tuition and fees, extracurricular activities, and customer sales and services.

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, 2009, but which were levied to finance fiscal year 2010 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, 2009

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

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.

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

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled with investments with the exception of a portion of the monies associated with the Ohio School Facilities Commission building project. 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 2009, the School District's investments were limited to Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Federal Home Loan Bank Consolidation Bonds, and the State Treasury Asset Reserve of Ohio (STAROhio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

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, 2009.

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 2009 amounted to \$153,470, which includes \$59,994 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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash equivalents legally required to be set aside by the School District for the purchase of textbooks and instructional materials and unspent grant monies restricted for bus purchases. See Note 17 for additional information regarding set-asides.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, 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 is reported in the fiscal year in which services are consumed.

Inventory

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

Capital Assets

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments.

Bond Premiums and Discounts/Issuance Costs/Interest on Capital Appreciation Bonds

Bond issuance costs and bond premiums 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. Capital appreciation bonds are accreted each fiscal year for the interest accrued during the fiscal year. Bond premiums and discounts and the interest on the capital appreciation bonds are presented as an addition/reduction of the face amount of the bonds payable whereas issuance costs are recorded as deferred charges. On the fund financial statements, bond premiums and discounts are reported as Other Financing Sources/Uses and issuance costs are reported as expenditures when the debt is issued. Accretion on the capital appreciation bonds are not reported.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The accounting gain/loss on refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance Reserves and Designation

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. The School District also has a fund balance designation. Fund balance designations are established to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Fund balance reserves have been established for encumbrances, property taxes, textbooks and instructional materials, and bus purchases. A designation of fund balance has been established for future severance payments.

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

Net Assets

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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.

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, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The 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 fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as final budgeted amounts reflect the amounts in the amended certificate in effect at the time the final appropriations were passed. Before fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year-end in all funds.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Prior to fiscal year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year.

Internal Activity

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Estimates

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

NOTE 3 – ACCOUNTABILITY

At June 30, 2009, the following funds had a deficit fund balance:

<u>Funds</u>	<u>Amounts</u>
Education Management Information Systems	\$369
Preschool	24,963
Ohio Reads	2,912
Alternative School	353
IDEA Part B Special Education	6,410
Title I	18,289
Title II - A, Improving Teacher Quality	3,593

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 – 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) – for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING (continued)

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).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

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	(\$761,209)
Adjustments:	
Revenue Accruals	(11,454)
Expenditure Accruals	2,943
Encumbrances	(407,053)
Advances	86,176
Net Decrease in Fair Value of Investments - Fiscal Year 2008	(11,283)
Net Decrease in Fair Value of Investments - Fiscal Year 2009	11,641
Budget Basis	<u><u>(\$1,090,239)</u></u>

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

7. The State Treasurer’s investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the Washington-Nile Local School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$4,105,528 of the School District’s bank balance of \$4,364,263 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

Investments: As of June 30, 2009, the School District had the following investments:

	<u>Fair Value</u>	<u>Investment Maturities Less Than 1 Year</u>	<u>Investment Maturities (in Years) 1 - 4</u>	<u>Call Date</u>	<u>S&P Rating</u>	<u>Percent of Total Investments</u>
Federal National Mortgage Association Notes	\$305,157	\$0	\$305,157	2/8/2010	AAA	10.68%
Federal Home Loan Mortgage Corporation Notes	452,966	0	452,966	3/23/2010	AAA	15.85%
Federal Home Loan Mortgage Corporation Notes	504,855	0	504,855	12/15/2009	AAA	17.67%
Federal Home Loan Bank Bonds	802,248	0	802,248	7/30/2009	AAA	28.08%
Federal Home Loan Bank Consolidation Bonds	403,876	0	403,876	----	AAA	14.14%
STAROhio	388,019	388,019	0	----	AAAm	13.58%
Totals	<u>\$2,857,121</u>	<u>\$388,019</u>	<u>\$2,469,102</u>			<u>100.00%</u>

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. No investment shall be made unless the Treasurer, at the time of making the investment, reasonably expects it can be held to its maturity. The School District will not directly invest in securities maturing more than five years from the date of the investment. No investments shall be made that will cause the average duration of the portfolio to exceed three and a half years.

Credit Risk

The S&P ratings of the School District's investments are listed in the table above. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute.

Concentration of Credit Risk

The School District's investment policy provides that the School District will diversify its investments by security and institution. No more than 50 percent of the total current portfolio shall be invested in collateralized repurchase agreements and certificates of deposits with any one eligible financial institution. No more than 25 percent of the interim funds of the School District may be invested in commercial paper or banker's acceptances as authorized by Section 135.142 of the Ohio Revised Code. The percentage that each investment represents of the total investments is listed in the table above.

NOTE 6 – PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 6 – PROPERTY TAXES (continued)

Public utility property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008, and are collected in calendar year 2009 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2009 (other than public utility property tax) represents the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. 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, 2009, are available to finance fiscal year 2009 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, 2009, 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 are 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, 2009, was \$104,177 in the General Fund, \$1,860 in the Classroom Facilities Maintenance Special Revenue Fund, and \$15,607 in the Debt Service Fund. The amount available as an advance at June 30, 2008, was \$80,390 in the General Fund, \$1,425 in the Classroom Facilities Maintenance Special Revenue Fund, and \$12,058 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, 2009

NOTE 6 – PROPERTY TAXES (continued)

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$72,398,290	95.01%	\$72,656,750	95.15%
Public Utility Personal	3,209,820	4.21%	3,408,660	4.46%
General Business Personal	594,530	0.78%	294,820	0.39%
Total Assessed Value	<u>\$76,202,640</u>	<u>100.00%</u>	<u>\$76,360,230</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$28.81		\$28.81	

NOTE 7 – RECEIVABLES

Receivables at June 30, 2009, consisted of property taxes, accounts, intergovernmental grants, accrued interest and interfund. All receivables are considered collectible in full and will be received within one fiscal year with the exception of the property taxes and the Ohio School Facilities Commission Grant. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Ohio School Facilities Commission Grant monies will be collected over the life of the construction of the new facility.

A summary of the principal items of intergovernmental receivables follows:

	Amount
<u>Governmental Activities:</u>	
Food Service - Federal Reimbursements	\$1,062
Early Childhood Education	26,662
Ohio Reads	15,128
Shawnee State University	2,006
IDEA Part B	33,119
Title I	176,969
Title IV - A, Safe and Drug Free Schools	921
Title II - A, Improving Teacher Quality	19,293
Title II - D	2,622
Title VI-B, Rural and Low Income	5,056
Ohio School Facilities Commission	13,136,362
Total Intergovernmental Receivables	<u>\$13,419,200</u>

The School District was awarded a grant in the amount of \$15,662,992 on September 19, 2008, from the Ohio School Facilities Commission for the construction of a new middle school facility, as well as to demolish the existing middle school building.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 8 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2009, was as follows:

	Balance at 6/30/08	Additions	Deletions	Balance at 6/30/09
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$1,853,109	\$0	(\$800)	\$1,852,309
Construction in Progress	0	442,510	0	442,510
Total Capital Assets Not Being Depreciated	1,853,109	442,510	(800)	2,294,819
Capital Assets Being Depreciated:				
Land Improvements	501,266	17,070	0	518,336
Buildings and Improvements	29,326,887	189,009	(754)	29,515,142
Furniture, Fixtures and Equipment	4,690,768	85,063	(943,460)	3,832,371
Vehicles	1,239,903	174,694	0	1,414,597
Textbooks and Software	1,175,003	0	(1,175,003)	0
Total Capital Assets Being Depreciated	36,933,827	465,836	(2,119,217)	35,280,446
Less Accumulated Depreciation:				
Land Improvements	(151,127)	(15,546)	0	(166,673)
Building and Improvements	(7,167,328)	(573,451)	54	(7,740,725)
Furniture, Fixtures and Equipment	(3,098,916)	(160,810)	708,257	(2,551,469)
Vehicles	(890,112)	(80,247)	0	(970,359)
Textbooks and Software	(1,086,335)	0	1,086,335	0
Total Accumulated Depreciation	(12,393,818)	(830,054) *	1,794,646	(11,429,226)
Total Capital Assets Being Depreciated, Net	24,540,009	(364,218)	(324,571)	23,851,220
Governmental Activities Capital Assets, Net	\$26,393,118	\$78,292	(\$325,371)	\$26,146,039

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 8 – CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$279,690
Special	77,208
Vocational	6,660
Student Intervention Services	2,860
Support Services:	
Pupils	28,712
Instructional Staff	33,358
Administration	42,871
Fiscal	9,816
Operation and Maintenance of Plant	76,857
Pupil Transportation	118,615
Operation of Non-Instructional Services:	
Food Service Operations	78,348
Extracurricular Activities	75,059
Total Depreciation Expense	<u><u>\$830,054</u></u>

During fiscal year 2009, the School District elected to no longer present textbooks and software as capital assets in its basic financial statements. The School District also chose to increase the capitalization threshold for capital assets from \$500 to \$1,000. These changes account for a large portion of the deletions in the Furniture, Fixtures and Equipment and the Textbooks and Software classes of capital assets.

NOTE 9 – RISK MANAGEMENT

Property and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year, the School District contracted with School Insurance Consultants, LLC (SIC) for insurance consulting services. The premium for this service is \$2.00 per student, subject to a \$3,500 minimum fee. The School District also pays an insurance premium to the awarded insurance company, Ohio Casualty Insurance Agency, for liability, property, inland marine, and automobile liability insurance coverage. The School District paid its premium to Ralph E. Wade Insurance Agency, Inc., an agent for Ohio Casualty Insurance Agency.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 9 - RISK MANAGEMENT (continued)

Insurance coverage includes the following:

Building and Contents replacement cost	\$36,801,418
Earthquake (\$25,000 minimum deductible)	1,000,000
Inland Marine Coverage	100,000
Automobile Liability:	
Each Accident	1,000,000
Uninsured Motorists	1,000,000
Employer's Stop Gap Liability:	
Aggregate Limit	2,000,000
Bodily Injury by Accident - Each Accident Limit	1,000,000
Bodily Injury by Disease - Policy Limit	1,000,000
Bodily Injury by Disease - Each Employee Limit	1,000,000
Uninsured Motorists	1,000,000
Forgery or Alterations	50,000
General Liability:	
Each Occurrence Limit	1,000,000
Damage to Premises Rented to You - Any One Premises	300,000
Medical Expense Limit - Any One Person	15,000
Personal and Advertising Injury Limit - Any One Person	1,000,000
General Aggregate Limit	2,000,000
Products - Completed Operations Aggregate Limit	2,000,000
Errors and Omissions Liability (\$2,500 deductible):	
Aggregate Limit	1,000,000
Each Wrongful Act Limit	1,000,000
Aggregate Defense Expense Amount - Non-Monetary Relief	100,000
Sexual Misconduct and Molestation Liability:	
Aggregate Limit	1,000,000
Each Loss Limit	1,000,000
Innocent Party Aggregate Defense Expense Amount	300,000
Employee Benefits Program:	
Each Employee Limit	1,000,000
Aggregate Employee Limit	3,000,000
Audio Visual Equipment	100,000

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 9 – RISK MANAGEMENT (continued)

Employee Medical and Dental Benefits

The School District is a member of the Scioto County Schools Council, a public entity shared risk pool (Note 16), offering medical and dental insurance to the employees of participating school districts. Monthly premiums are paid to the South Central Ohio Educational Service Center as fiscal agent, who in turn pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the School District shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the plan due up to the date of termination plus extended benefits, if any, provided under the plan.

Workers' Compensation

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants 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. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP. Each fiscal year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer 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 43215-3746.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 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 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$153,154, \$151,333, and \$149,558, respectively; 45.72 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

State Teachers Retirement System of Ohio

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for 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 Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$859,775, \$844,965, and \$798,484, respectively; 82.97 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$1,885 made by the School District and \$5,708 made by the plan members.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2009, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 11 – POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 11 – POSTEMPLOYMENT BENEFITS (continued)

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$94,880, \$100,817, and \$79,726, respectively; 45.72 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$12,636, \$10,904, and \$10,170, respectively; 45.72 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$66,137, \$64,997, and \$61,422, respectively; 82.97 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 12 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and 10 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 employees. Classified union employees 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 56 days for teachers, administrators, and classified non-union employees and 47 days for classified union employees. As a further incentive to minimize sick leave usage, 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 has the maximum sick leave accumulation.

Insurance Benefits

The School District provides its teachers, administrators and classified nonunion employees with life insurance through SunLife, health and dental insurance through the Scioto County Schools Council, and vision benefits through Vision Service Plan. Classified union employees are provided health, dental, vision, and life insurance plans through their union, The Public Employees of Ohio Teamsters Local Union No. 92. The School District pays the premiums, established by contract, to the union. The union, in turn, pays the insurance provider, Aultcare. All questions and claims regarding these plans are handled through the union.

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, 2009

NOTE 13 – CAPITAL LEASE – 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 were paid to contractors by the School District as the work progressed. The stadium was completed during fiscal year 2003 and was capitalized as buildings and improvements on the Statement of Net Assets for governmental activities in the amount of \$2,081,752. The remaining \$581,752 necessary to complete the construction was provided by the School District. Principal payments in fiscal year 2009 totaled \$161,875.

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 and on a budgetary basis.

The assets acquired through the capital lease are as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Asset:			
Buildings and Improvements	<u>\$2,081,752</u>	<u>(\$267,299)</u>	<u>\$1,814,453</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, 2009:

<u>Fiscal Year Ending June 30,</u>	<u>Total Payments</u>
2010	\$181,422
2011	<u>181,241</u>
Total	362,663
Less: Amount Representing Interest	<u>(16,165)</u>
Present Value of Net Minimum Lease Payments	<u>\$346,498</u>

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 14 – LONG-TERM OBLIGATIONS

The changes in the School District’s long-term obligations during the fiscal year 2009 were as follows:

	Principal Outstanding 6/30/08	Additions	Deductions	Principal Outstanding 6/30/09	Amounts Due Within One Year
<u>Governmental Activities:</u>					
1993 EPA Asbestos					
Loan 0.00%	\$13,283	\$0	\$5,312	\$7,971	\$5,312
General Obligation Bonds					
2001 Refunding Classroom Facilities					
Serial Bonds 3.3% to 5%	775,000	0	135,000	640,000	140,000
Original Issue Capital					
Appreciation Bonds	109,942	0	0	109,942	0
Accretion on Capital					
Appreciation Bonds	164,091	38,244	0	202,335	0
Premium on Debt Issue	43,726	0	14,989	28,737	0
Discount on Debt Issue	(220)	0	(109)	(111)	0
Deferred Loss on Refunding	(42,956)	0	(8,591)	(34,365)	0
Capital Lease	508,373	0	161,875	346,498	169,343
Compensated Absences	394,988	73,408	74,887	393,509	106,456
Total Governmental Activities					
Long-Term Obligations	<u>\$1,966,227</u>	<u>\$111,652</u>	<u>\$383,363</u>	<u>\$1,694,516</u>	<u>\$421,111</u>

EPA Asbestos Loan - In 1993, the 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 18 year period with final maturity during fiscal year 2011. The loan is interest free and will be retired from the Debt Service Fund.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

2001 Refunding Classroom Facilities Bonds - On July 1, 2001, the School 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 5.80 percent to 6.45 percent. 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 percent to 5.00 percent. 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. For fiscal year 2009, the capital appreciation bonds were accreted \$38,244 with a total accretion amount of \$202,335. Issuance costs associated with the bond issue will be amortized over the term of the bonds. The serial bonds were issued for a 15 year period with a final maturity during fiscal year 2017. The bonds will be retired from the Debt Service Fund.

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

The School District's overall legal debt margin was \$6,546,339 with an unvoted debt margin of \$75,700.

Principal requirements to retire the EPA Asbestos Loan outstanding at June 30, 2009, are as follows:

<u>EPA Asbestos Loan - 1993</u>	
<u>Fiscal year</u>	
<u>Ending June 30,</u>	<u>Principal</u>
2010	\$5,313
2011	2,658
Total	<u><u>\$7,971</u></u>

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire the 2001 general obligation debt outstanding at June 30, 2009, are as follows:

Fiscal year Ending June 30,	Serial Bonds Principal	Serial Bonds Interest	Capital		Total
			Appreciation Bonds Principal	Appreciation Bonds Interest	
2010	\$140,000	\$27,333	\$0	\$0	\$167,333
2011	0	24,358	42,436	102,564	169,358
2012	0	24,358	35,955	104,045	164,358
2013	0	24,358	31,551	108,449	164,358
2014	140,000	21,033	0	0	161,033
2015-2017	360,000	22,780	0	0	382,780
Total	\$640,000	\$144,220	\$109,942	\$315,058	\$1,209,220

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.

NOTE 15 – INTERFUND ACTIVITY

Transfers made during the fiscal year ended June 30, 2009, were as follows:

	Transfers From		
	General	Other Governmental Funds	Total
Transfers To Ohio School Facilities Commission	\$319,653	\$0	\$319,653
Other Governmental Funds	499,424	91	499,515
Total	\$819,077	\$91	\$819,168

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. A transfer was made from the General Fund to the Debt Service Fund to pay the principal and interest obligations for the capital lease. Transfers were made from the General Fund to the Ohio School Facilities Commission Fund to pay for the local share of expenditures for the new middle school project. A transfer was made from Other Governmental Funds to Other Governmental Funds resulted from the principal's fund providing additional funding to help support student activities.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 15 – INTERFUND ACTIVITY (continued)

Interfund balances at June 30, 2009, consist of the following individual interfund receivable and payable:

		Receivable
		<u>General Fund</u>
Payable	Other	
	Governmental Funds	<u>\$5,974</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.

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, AND INSURANCE PURCHASING POOL

Jointly Governed Organizations

South Central Ohio Computer Association

The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Pickaway, Gallia, 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 \$26,304 for membership during the fiscal 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, 2009

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, AND INSURANCE PURCHASING POOL (continued)

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (the “Coalition”) is a jointly governed organization of over 100 school districts in southeastern Ohio. The Coalition is operated by a board which is composed of 14 members. The Board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition 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 Coalition 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 Coalition. During fiscal year 2009, the School District paid \$300 to the Coalition for services provided during the fiscal year.

Public Entity Shared Risk Pool

Scioto County Schools Council

The School District is a member of the Scioto County Schools Council (the “Council”), a public entity shared risk pool. Several Scioto County school districts have entered into an agreement with the South Central Ohio Educational Service Center to form the Scioto County Schools Council. The overall objectives of the Council are to formulate and administer a program of health insurance for the benefit of the council members’ employees and their dependents, to obtain lower costs for health coverage, and to secure cost control by implementing a program of comprehensive loss control. The Council’s business and affairs are managed by a Board of Directors, consisting of the superintendents from each of the participating school districts.

The School District pays premiums based on what the Council estimates will cover the costs of all claims for which the Council is obligated. If the School District’s claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District’s claims are low, it will not receive a refund. The Council views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the fiscal agent, South Central Ohio Educational Service Center, 411 Court Street, Portsmouth, Ohio 45662.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, AND INSURANCE PURCHASING POOL (continued)

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 Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 17 – SET-ASIDE CALCULATIONS

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

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

	Textbooks and Instructional Materials	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2008	\$85,740	\$0
Current Fiscal Year Set-aside Requirement	253,876	253,876
Current Fiscal Year Offsets	0	(94,003)
Qualifying Disbursements	(217,782)	(436,446)
Set-aside Reserve Balance as of June 30, 2009	<u>\$121,834</u>	<u>(\$276,573)</u>
Required Set-aside Balances Carried Forward to FY 2010	<u>\$121,834</u>	<u>\$0</u>

Although the School District had offsets and qualifying expenditures for capital acquisitions that exceeded the set-aside requirements, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore are not presented as being carried forward to the next fiscal year.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

NOTE 18 – CONTRACTUAL COMMITMENTS

The School District contracted for the construction of a new middle school. The outstanding construction commitments at June 30, 2009, are:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/09</u>
Four Seasons	\$53,082	\$0	\$53,082
DCK North America LLC	826,340	172,954	653,386
CTL	25,730	3,029	22,701
Boone Coleman Construction	1,454,600	422,510	1,032,090
Traffic Engineering Services	8,150	7,335	815
Tanner & Stone Architects	887,607	533,024	354,583
Total	<u>\$3,255,509</u>	<u>\$1,138,852</u>	<u>\$2,116,657</u>

NOTE 19 – CONTINGENCIES

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

Litigation

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

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2008/2009	10.555	\$ 16,934	\$ 16,934
Cash Assistance:				
School Breakfast Program	2008/2009	10.553	85,060	85,060
National School Lunch Program	2008/2009	10.555	266,944	266,944
Cash Assistance Subtotal			<u>352,004</u>	<u>352,004</u>
Total Child Nutrition Cluster			<u>368,938</u>	<u>368,938</u>
Total U.S. Department of Agriculture			368,938	368,938
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2008	84.010	64,963	69,013
	2009		704,135	663,455
Total Title I Grants to Local Educational Agencies			<u>769,098</u>	<u>732,468</u>
Special Education Grants to States	2008	84.027	50,620	46,794
	2009		329,131	326,567
Total Special Education Grants to States			<u>379,751</u>	<u>373,361</u>
Safe and Drug-Free Schools and Communities State Grants	2008	84.186	1,814	1,814
	2009		8,329	8,279
Total Safe and Drug-Free Schools and Communities State Grants			<u>10,143</u>	<u>10,093</u>
State Grants for Innovative Programs	2008	84.298	1,791	
	2009		1,301	1,301
Total State Grants for Innovative Programs			<u>3,092</u>	<u>1,301</u>
Education Technology State Grants	2008	84.318	1,856	1,014
	2009		5,085	4,899
Total Education Technology State Grants			<u>6,941</u>	<u>5,913</u>
Rural Education	2008	84.358	6,585	6,725
	2009		31,705	31,557
Total Rural Education			<u>38,290</u>	<u>38,282</u>
Improving Teacher Quality State Grants	2008	84.367	14,118	22,389
	2009		142,437	136,207
Total Improving Teacher Quality State Grants			<u>156,555</u>	<u>158,596</u>
<i>Passed through Shawnee State University:</i>				
Twenty-First Century Community Learning Centers Grant	2009	84.286	10,000	
Total U.S. Department of Education			1,373,870	1,320,014
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<i>Passed through Ohio Department of Job and Family Services:</i>				
Medical Assistance Program -				
Community Alternative Funding System (CAFS)	N/A	93.778	2,092	
Total U.S. Department of Health and Human Services			<u>2,092</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,744,900</u>	<u>\$ 1,688,952</u>

The Notes to the Federal Awards Receipts and Expenditures Schedule is an integral part of the Schedule.

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

**NOTES TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Washington-Nile Local School District's (the School District) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The School District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the School District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The School District reports commodities consumed on the Schedule at the fair value.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Washington-Nile Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

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

Compliance and Other Matters

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

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

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

Mary Taylor, CPA
Auditor of State

February 3, 2010



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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 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 apply to its major federal program for the year ended June 30, 2009. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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www.auditor.state.oh.us

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



Mary Taylor, CPA
Auditor of State

February 3, 2010

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2009**

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on May 15, 1989, with the most recent revision dated October 28, 2009.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

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- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States; and
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Mary Taylor, CPA
Auditor of State

February 3, 2010



Mary Taylor, CPA
Auditor of State

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 18, 2010