



Dave Yost • Auditor of State



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

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington-Nile Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2012, 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 the Washington-Nile Local School District, Scioto County, Ohio, as of June 30, 2012, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2013, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



**Dave Yost**  
Auditor of State

March 15, 2013

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

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As management of the Washington-Nile Local School District (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, 2012. 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 2012 are as follows:

- In total, net assets of governmental activities decreased \$1,459,191 from the prior fiscal year.
- General revenues accounted for \$11,530,481. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$4,527,959 of total revenues of \$16,058,440.
- The School District had \$17,517,631 in expenses related to governmental activities; only \$4,527,959 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 \$11,530,481 were not 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 the 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 School District are the General Fund and Bond Retirement Debt Service Fund.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

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**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 2012?"

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

**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, 2012

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 2012 and fiscal year 2011:

(Table 1)  
Net Assets  
Governmental Activities

	2012	Restated 2011	Increase/ (Decrease)
<b><u>Assets:</u></b>			
Current Assets	\$7,488,315	\$10,262,260	(\$2,773,945)
Capital Assets, Net	34,022,659	34,115,747	(93,088)
<i>Total Assets</i>	<u>41,510,974</u>	<u>44,378,007</u>	<u>(2,867,033)</u>
<b><u>Liabilities:</u></b>			
Other Liabilities	3,155,307	4,392,246	(1,236,939)
Long-Term Liabilities	999,330	1,170,233	(170,903)
<i>Total Liabilities</i>	<u>4,154,637</u>	<u>5,562,479</u>	<u>(1,407,842)</u>
<b><u>Net Assets:</u></b>			
Invested in Capital Assets, Net of Related Debt	33,510,855	33,574,400	(63,545)
Restricted	2,006,142	4,140,597	(2,134,455)
Unrestricted	1,839,340	1,100,531	738,809
<i>Total Net Assets</i>	<u>\$37,356,337</u>	<u>\$38,815,528</u>	<u>(\$1,459,191)</u>

Total Assets decreased \$2,867,033. Current Assets demonstrated a significant decrease of \$2,773,945 as a result of the School District continuing to pay contractors for the construction of the new middle school.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

Total Liabilities decreased \$1,407,842 when compared to the prior fiscal year. Other Liabilities reflected a significant decrease as a result of a decrease in Contracts Payable as the School District continued to pay contractors for the construction of the new middle school. Long-Term Liabilities decreased as a result of the School District making annual debt service payments on its outstanding bonds.

Invested in Capital Assets, Net of Related Debt for governmental activities decreased \$63,545, which is insignificant. Restricted Net Assets decreased \$2,134,455 as a result of the School District receiving and utilizing monies awarded by the Ohio School Facilities Commission for the construction of a new middle school facility. Unrestricted Net Assets for governmental activities increased \$738,809 resulting primarily from an increase in State foundation monies. This increase was due to an increase in students for fiscal year 2012 compared to fiscal year 2011.

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

(Table 2)  
Change in Net Assets  
Governmental Activities

	2012	2011	Increase/ (Decrease)
<b><u>Revenues:</u></b>			
Program Revenues:			
Charges for Services and Sales	\$1,695,077	\$1,646,064	\$49,013
Operating Grants, Contributions and Interest	2,832,882	3,867,885	(1,035,003)
<i>Total Program Revenues</i>	<u>4,527,959</u>	<u>5,513,949</u>	<u>(985,990)</u>
General Revenues:			
Property Taxes	1,595,051	1,575,310	19,741
Grants and Entitlements not Restricted to Specific Programs	9,752,155	10,516,513	(764,358)
Gain on Sale of Capital Assets	0	1,596	(1,596)
Investment Earnings	21,120	78,344	(57,224)
Miscellaneous	162,155	134,504	27,651
<i>Total General Revenues</i>	<u>11,530,481</u>	<u>12,306,267</u>	<u>(775,786)</u>
<i>Total Revenues</i>	<u>\$16,058,440</u>	<u>\$17,820,216</u>	<u>(\$1,761,776)</u>

(continued)

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

(Table 2)

Change in Net Assets  
Governmental Activities  
(continued)

	2012	2011	Increase/ (Decrease)
<b><i>Program Expenses:</i></b>			
Instruction:			
Regular	\$7,347,729	\$6,728,127	\$619,602
Special	2,585,819	2,407,170	178,649
Vocational	109,481	111,871	(2,390)
Student Intervention Services	92,162	176,596	(84,434)
Support Services:			
Pupils	867,905	864,203	3,702
Instructional Staff	857,922	905,930	(48,008)
Board of Education	47,556	111,224	(63,668)
Administration	1,247,463	1,181,902	65,561
Fiscal	347,115	314,068	33,047
Operation and Maintenance of Plant	1,760,926	2,428,257	(667,331)
Pupil Transportation	780,757	1,049,974	(269,217)
Operation of Non-Instructional Services	847,700	847,293	407
Extracurricular Activities	600,631	433,841	166,790
Interest and Fiscal Charges	24,465	142,641	(118,176)
<i>Total Expenses</i>	<u>17,517,631</u>	<u>17,703,097</u>	<u>(185,466)</u>
<i>Change in Net Assets</i>	(1,459,191)	117,119	(1,576,310)
<i>Net Assets at Beginning of Year - Restated</i>	<u>38,815,528</u>	<u>38,698,409</u>	<u>117,119</u>
<i>Net Assets at End of Year</i>	<u>\$37,356,337</u>	<u>\$38,815,528</u>	<u>(\$1,459,191)</u>

**Governmental Activities**

Program revenues, which are primarily represented by tuition and fees, charges for extracurricular activities, food service sales, and restricted intergovernmental revenues, were \$4,527,959 of total revenues for fiscal year 2012 and varied significantly from fiscal year 2011. This was the result of the School District receiving additional grants through the American Recovery and Reinvestment Act in 2011 that it did not receive in 2012.

As stated previously, general revenues represent \$11,530,481 of the School District's total revenues, of which Grants and Entitlements not Restricted to Specific Programs decreased significantly. This was the result of the School District being awarded and recognizing additional Ohio School Facilities Commission grant dollars during fiscal year 2011, the year these additional dollars were awarded. The School District was not awarded any additional dollars in fiscal year 2012.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

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The major program expense for governmental activities, as expected, is for instruction, which accounts for \$10,135,191 of all governmental expenses. The instruction category, however, does not include all activities associated with educating students as the pupils, instructional staff, and pupil transportation costs have a significant role in delivering education. However, a comparison to the prior fiscal year demonstrates insignificant changes in most areas of expenses except for regular instruction, operation and maintenance of plant, and pupil transportation. Regular Instruction demonstrated a significant increase as a result of general salary and step increases along with increases related to insurance coverage. Operation and Maintenance of Plant decreased \$667,331, as a result of moving into the new middle school facility during fiscal year 2012, which decreased overall maintenance costs.

**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 \$16,792,582 and expenditures of \$17,678,499. The net change in fund balance for the fiscal year was most significant in the Ohio School Facilities Commission Capital Projects Fund, a decrease of \$1,242,750. This decrease was due to paying contractors for the construction for the new middle school project.

The net change in fund balance for the fiscal year in the General Fund was an increase of \$424,926. This increase resulted mainly from an increase in Intergovernmental Revenues. This is due to an increase in the student population which resulted in the School District receiving additional State foundation monies.

The Bond Retirement Debt Service fund increased \$34,137, which is insignificant.

**General Fund – Budget Highlight**

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 2012, 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 16, 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 \$13,402,436, with original estimated revenues of \$12,526,440, a significant increase of \$875,996. This was due mostly to an increase in State foundation monies received due to an increase in student population.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2012

Unaudited

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Final estimated expenditures were \$13,284,662, with original estimated expenditures of \$12,941,253. The largest variance occurred with Regular Instruction. This increase resulted from the School District moving personnel from Special Instruction programs to regular instruction as a result of funding cuts to special program grants.

**Capital Assets**

At the end of fiscal year 2012, the School District had \$34,022,659 invested in capital assets (net of accumulated depreciation), an insignificant decrease when compared to the restated prior fiscal year balance. For additional information regarding the School District's capital assets, refer to Note 8 in the basic financial statements.

**Debt**

At June 30, 2012, the School District had \$500,000 in serial bonds outstanding, none of which is due within one year. The School District had capital appreciation bonds outstanding of \$31,552, of which all of it is due within one year. The School District also had accretion on capital appreciation bonds of \$132,622, and a deferred loss on the refunding of debt of \$8,591, none of which is due within one year. For further information regarding the School District's long-term obligations, refer to Note 13 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](mailto:sloakes@west.k12.oh.us).

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**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Statement of Net Assets

June 30, 2012

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$4,406,520
Cash and Cash Equivalents	38,837
Investments	366,716
Materials and Supplies Inventory	49,349
Inventory Held for Resale	7,988
Accrued Interest Receivable	9,166
Accounts Receivable	36,749
Intergovernmental Receivable	579,374
Prepaid Items	11,341
Property Taxes Receivable	1,971,118
Deferred Charges	11,157
Capital Assets:	
Land	1,852,309
Depreciable Capital Assets, Net	<u>32,170,350</u>
<i>Total Assets</i>	<u>41,510,974</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	106,391
Contracts Payable	12,735
Accrued Wages and Benefits Payable	1,220,308
Intergovernmental Payable	265,798
Retainage Payable	66,757
Deferred Revenue	1,442,402
Matured Compensated Absences	20,812
Accrued Interest Payable	20,104
Long-Term Liabilities:	
Due Within One Year	135,737
Due in More Than One Year	<u>863,593</u>
<i>Total Liabilities</i>	<u>4,154,637</u>
<b><u>Net Assets:</u></b>	
Invested in Capital Assets, Net of Related Debt	33,510,855
Restricted for Debt Service	711,927
Restricted for Capital Projects	736,018
Restricted for Other Purposes	558,197
Unrestricted	<u>1,839,340</u>
<i>Total Net Assets</i>	<u><u>\$37,356,337</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, 2012

		Program Revenues		Net (Expense)
				Revenue and Changes
				in Net Assets
				Total
	Expenses	Charges for	Operating Grants,	Governmental
		Services and Sales	Contributions	Activities
			and Interest	
<b><u>Governmental Activities:</u></b>				
Instruction:				
Regular	\$7,347,729	\$1,121,632	\$246,883	(\$5,979,214)
Special	2,585,819	0	1,725,313	(860,506)
Vocational	109,481	0	11,639	(97,842)
Student Intervention Services	92,162	0	11,127	(81,035)
Support Services:				
Pupils	867,905	0	60,106	(807,799)
Instructional Staff	857,922	0	205,368	(652,554)
Board of Education	47,556	0	0	(47,556)
Administration	1,247,463	0	0	(1,247,463)
Fiscal	347,115	0	0	(347,115)
Operation and Maintenance of Plant	1,760,926	0	0	(1,760,926)
Pupil Transportation	780,757	12,522	27,603	(740,632)
Operation of Non-Instructional Services:				
Food Service Operations	847,700	286,709	544,843	(16,148)
Extracurricular Activities	600,631	274,214	0	(326,417)
Interest and Fiscal Charges	24,465	0	0	(24,465)
<b>Total Governmental Activities</b>	<b>\$17,517,631</b>	<b>\$1,695,077</b>	<b>\$2,832,882</b>	<b>(12,989,672)</b>
<b><u>General Revenues:</u></b>				
Property Taxes Levied for:				
				1,399,602
				24,309
				171,140
Grants and Entitlements not				
				9,752,155
				21,120
				162,155
<b>Total General Revenues</b>				<b>11,530,481</b>
<b>Change in Net Assets</b>				<b>(1,459,191)</b>
<b>Net Assets at Beginning of Year -</b>				
<b>Restated (See Note 20)</b>				<b>38,815,528</b>
<b>Net Assets at End of Year</b>				<b>\$37,356,337</b>

See accompanying notes to the basic financial statements



**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Balance Sheet  
Governmental Funds  
June 30, 2012

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$2,969,456	\$612,230	\$824,834	\$4,406,520
Cash and Cash Equivalents	0	0	38,837	38,837
Investments	0	0	366,716	366,716
Receivables:				
Property Taxes	1,729,763	211,003	30,352	1,971,118
Accounts	31,753	0	4,996	36,749
Intergovernmental	16,291	0	563,083	579,374
Accrued Interest	9,166	0	0	9,166
Prepaid Items	11,341	0	0	11,341
Materials and Supplies Inventory	47,607	0	1,742	49,349
Inventory Held for Resale	0	0	7,988	7,988
<i>Total Assets</i>	<u>\$4,815,377</u>	<u>\$823,233</u>	<u>\$1,838,548</u>	<u>\$7,477,158</u>
<b><u>Liabilities and Fund Balances:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$64,482	\$0	\$41,909	\$106,391
Contracts Payable	0	0	12,735	12,735
Accrued Wages and Benefits Payable	931,070	0	289,238	1,220,308
Intergovernmental Payable	214,087	0	51,711	265,798
Retainage Payable	0	0	66,757	66,757
Matured Compensated Absences Payable	20,812	0	0	20,812
Deferred Revenue	1,644,317	198,058	336,123	2,178,498
<i>Total Liabilities</i>	<u>2,874,768</u>	<u>198,058</u>	<u>798,473</u>	<u>3,871,299</u>
<b><u>Fund Balances:</u></b>				
Nonspendable	58,948	0	1,742	60,690
Restricted	0	625,175	672,636	1,297,811
Committed	178,318	0	0	178,318
Assigned	244,284	0	385,126	629,410
Unassigned (Deficit)	1,459,059	0	(19,429)	1,439,630
<i>Total Fund Balances</i>	<u>1,940,609</u>	<u>625,175</u>	<u>1,040,075</u>	<u>3,605,859</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,815,377</u>	<u>\$823,233</u>	<u>\$1,838,548</u>	<u>\$7,477,158</u>

See accompanying notes to the basic financial statements

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2012

**Total Governmental Fund Balances** \$3,605,859

*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	
Other capital assets	43,493,416	
Accumulated depreciation	(11,323,066)	
Total capital assets		34,022,659

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	409,377	
Intergovernmental	317,553	
Investment earnings	9,166	
		736,096

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.

11,157

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

Bonds Payable	(531,552)	
Loss on Refunding	8,591	
Accretion on bonds	(132,622)	
Accrued interest on bonds	(20,104)	
Compensated absences	(343,747)	
Total liabilities		(1,019,434)

*Net Assets of Governmental Activities* \$37,356,337

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, 2012

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>				
Property Taxes	\$1,353,838	\$165,793	\$23,471	\$1,543,102
Intergovernmental	10,529,916	37,999	2,784,075	13,351,990
Investment Earnings	22,971	0	3,476	26,447
Tuition and Fees	1,134,154	0	0	1,134,154
Extracurricular Activities	32,916	0	241,298	274,214
Customer Sales and Services	0	0	286,709	286,709
Miscellaneous	141,772	0	34,194	175,966
<i>Total Revenues</i>	<u>13,215,567</u>	<u>203,792</u>	<u>3,373,223</u>	<u>16,792,582</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	5,468,662	0	654,199	6,122,861
Special	1,431,047	0	1,039,203	2,470,250
Vocational	101,834	0	0	101,834
Student Intervention Services	80,049	0	12,113	92,162
Support Services:				
Pupils	748,464	0	52,363	800,827
Instructional Staff	620,630	0	197,579	818,209
Board of Education	47,556	0	0	47,556
Administration	1,095,400	0	82,428	1,177,828
Fiscal	333,445	0	0	333,445
Operation and Maintenance of Plant	1,601,888	0	101,923	1,703,811
Pupil Transportation	812,766	0	25,026	837,792
Operation of Non-Instructional Services:				
Food Service Operations	386	0	781,441	781,827
Extracurricular Activities	146,747	0	301,454	448,201
Capital Outlay	102,886	0	1,669,355	1,772,241
Debt Service:				
Principal Retirement	0	35,955	0	35,955
Interest and Fiscal Charges	0	133,700	0	133,700
<i>Total Expenditures</i>	<u>12,591,760</u>	<u>169,655</u>	<u>4,917,084</u>	<u>17,678,499</u>
Excess of Revenues Over (Under) Expenditures	<u>623,807</u>	<u>34,137</u>	<u>(1,543,861)</u>	<u>(885,917)</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Sale of Capital Assets	26,119	0	59,900	86,019
Transfers In	0	0	225,000	225,000
Transfers Out	(225,000)	0	0	(225,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(198,881)</u>	<u>0</u>	<u>284,900</u>	<u>86,019</u>
<i>Net Change in Fund Balances</i>	424,926	34,137	(1,258,961)	(799,898)
<i>Fund Balances at Beginning of Year</i>	<u>1,515,683</u>	<u>591,038</u>	<u>2,299,036</u>	<u>4,405,757</u>
<i>Fund Balances at End of Year</i>	<u>\$1,940,609</u>	<u>\$625,175</u>	<u>\$1,040,075</u>	<u>\$3,605,859</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, 2012

**Net Change in Fund Balances - Total Governmental Funds** (\$799,898)

*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	1,115,039	
Construction in progress additions	1,243,530	
Depreciation expense	<u>(1,155,228)</u>	
Excess of capital outlay over depreciation expense		1,203,341

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.

Proceeds from the sale of capital assets	(86,019)	
Loss on disposal of capital assets	<u>(1,210,410)</u>	
		(1,296,429)

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	51,949	
Intergovernmental	(767,276)	
Investment earnings	(5,004)	
Miscellaneous	<u>(13,811)</u>	
		(734,142)

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	4,413	
Amortization of deferred loss on early retirement	(8,592)	
Increase in accrued interest payable	<u>(733)</u>	
		(7,145)

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

Bond payments	35,955	
Payment of accretion	<u>116,380</u>	
Total long-term debt repayment		152,335

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	<u>22,747</u>	
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*Change in Net Assets of Governmental Activities* (\$1,459,191)

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, 2012

	<u>Budget Amounts</u>			Variance With Final Budget Over/(Under)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues:</u></b>				
Property Taxes	\$1,369,249	\$1,369,249	\$1,369,249	\$0
Intergovernmental	9,953,083	10,734,626	10,529,234	(205,392)
Investment Earnings	25,355	27,346	26,823	(523)
Tuition and Fees	1,069,392	1,153,364	1,131,296	(22,068)
Miscellaneous	109,361	117,851	115,658	(2,193)
<i>Total Revenues</i>	<u>12,526,440</u>	<u>13,402,436</u>	<u>13,172,260</u>	<u>(230,176)</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	5,450,657	5,697,009	5,561,237	135,772
Special	1,406,315	1,471,808	1,436,729	35,079
Vocational	100,478	105,116	102,611	2,505
Student Intervention Services	78,006	81,729	79,781	1,948
Support Services:				
Pupils	745,639	780,709	762,103	18,606
Instructional Staff	668,546	692,389	675,889	16,500
Board of Education	90,835	89,791	87,652	2,139
Administration	1,093,441	1,136,802	1,109,711	27,091
Fiscal	337,815	347,392	339,113	8,279
Operation and Maintenance of Plant	1,838,550	1,791,088	1,748,403	42,685
Pupil Transportation	850,530	852,937	832,609	20,328
Operation of Non-Instructional Services:				
Food Service Operations	666	395	386	9
Extracurricular Activities	125,495	131,484	128,350	3,134
Capital Outlay	154,280	106,013	103,486	2,527
<i>Total Expenditures</i>	<u>12,941,253</u>	<u>13,284,662</u>	<u>12,968,060</u>	<u>316,602</u>
Excess of Revenues Over (Under) Expenditures	<u>(414,813)</u>	<u>117,774</u>	<u>204,200</u>	<u>86,426</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Sale of Capital Assets	24,270	26,119	26,119	0
Refund of Prior Year Expenditures	782	843	843	0
Transfers Out	(244,440)	(256,104)	(225,000)	31,104
<i>Total Other Financing Sources (Uses)</i>	<u>(219,388)</u>	<u>(229,142)</u>	<u>(198,038)</u>	<u>31,104</u>
<i>Net Change in Fund Balance</i>	(634,201)	(111,368)	6,162	117,530
<i>Fund Balance at Beginning of Year</i>	2,229,799	2,229,799	2,229,799	0
<i>Prior Year Encumbrances Appropriated</i>	<u>261,685</u>	<u>261,685</u>	<u>261,685</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,857,283</u>	<u>\$2,380,116</u>	<u>\$2,497,646</u>	<u>\$117,530</u>

See accompanying notes to the basic financial statements

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2012

	Private Purpose Trust	Agency
	<u>                    </u>	<u>                    </u>
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$109,711	\$13,100
Receivables:		
Accrued Interest	139	0
	<u>                    </u>	<u>                    </u>
<i>Total Assets</i>	109,850	<u><u>\$13,100</u></u>
<b><u>Liabilities:</u></b>		
Undistributed Monies	0	<u><u>\$13,100</u></u>
<b><u>Net Assets:</u></b>		
Held in Trust for Scholarships	<u><u>\$109,850</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, 2012

	<u>Private Purpose Trust</u>
	<u>Scholarships</u>
<b><u>Additions:</u></b>	
Investment Earnings	\$310
Gifts and Donations	<u>13,494</u>
<i>Total Additions</i>	13,804
<b><u>Deductions:</u></b>	
Scholarships	<u>14,100</u>
<i>Change in Net Assets</i>	(296)
<i>Net Assets at Beginning of Year</i>	<u>110,146</u>
<i>Net Assets at End of Year</i>	<u><u>\$109,850</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, 2012

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

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

The School District serves an area of approximately 68 square miles. It is located in Scioto County and is composed of Washington and Nile Townships. It is staffed by 66 classified employees, 114 certificated full-time teaching personnel and 10 administrative employees who provide services to 1,575 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 five organizations, three 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 15 to the basic financial statements.

Jointly Governed Organizations:

South Central Ohio Computer Association  
Coalition of Rural and Appalachian Schools  
Metropolitan Educational Council

Public Entity Shared Risk Pool:

Optimal Health Initiatives Consortium

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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

(continued)

Insurance Purchasing Pool:

Ohio Bureau of Workers' Compensation Group Retrospective Rating  
Program

**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, 2012

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

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

Bond Retirement Debt Service Fund – The Bond Retirement Fund accounts for and reports the accumulation of restricted property taxes received for the payment of general obligation bond principal and interest.

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, 2012

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**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, 2012

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**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, 2012, but which were levied to finance fiscal year 2013 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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

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

*Expenses/Expenditures*

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 along with a portion of monies associated with the maintenance of the School District's facilities. 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. The School District has monies related to the Ohio School Facilities Commission building project and monies associated with the maintenance of the School District's facilities invested separately from the School District's internal investment pool. These amounts are presented as "Cash and Cash Equivalents" and "Investments" on the financial statements.

During fiscal year 2012, the School District's investments were limited to Federal National Mortgage Association Notes, Federal Home Mortgage Corporation Bonds, the State Treasury Asset Reserve of Ohio (STAR Ohio) and negotiable certificates of deposit. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2012.

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 2012 amounted to \$22,971, which includes \$5,762 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, 2012

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

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**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 \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land, 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

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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

**Compensated Absences**

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

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

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

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

**Bond Premiums/Issuance Costs/Compounded Interest on Capital Appreciation Bonds/Loss on Refunding**

For governmental activities, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable whereas issuance costs are recorded as deferred charges. The accounting 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.

As permitted by State statute, the School District paid bond issuance costs from the bond proceeds and therefore does not consider that portion of the debt to be capital-related debt. That portion of the debt was offset against the unamortized bond issuance costs which were included in the determination of unrestricted net assets. Reporting both within the same element of net assets prevents one classification from being overstated while another is understated by the same amount.



**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

**Accrued Liabilities and Long-Term Obligations**

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

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

**Fund Balance**

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

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

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

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

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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

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

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

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

**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 operations, music and athletic programs, student activities, and federal and State grants.

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 budgetary 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.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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

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

The 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.

**Internal Activity**

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

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

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

**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.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 3 – ACCOUNTABILITY**

At June 30, 2012, the following funds had a deficit fund balance:

<u>Funds</u>	<u>Amounts</u>
Early Childhood Education	\$1,945
Education Jobs	10,603
Special Education, Part B-IDEA	3,266
Title II - A, Improving Teacher Quality	3,466
Miscellaneous Federal Grants	149

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.

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. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
5. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING** (continued)

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

	<u>Net Change in Fund Balance</u>
GAAP Basis	\$424,926
Adjustments:	
Revenue Accruals	(7,660)
Expenditure Accruals	(145,091)
Encumbrances	(285,670)
Net Decrease in Fair Value of Investments - Fiscal Year 2012	(6,307)
Net Increase in Fair Value of Investments - Fiscal Year 2011	4,419
Perspective Differences	<u>21,545</u>
Budget Basis	<u><u>\$6,162</u></u>

**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.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 5 – DEPOSITS AND INVESTMENTS** (continued)

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAR Ohio); 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, \$2,770,316 of the School District's bank balance of \$3,270,316 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

**NOTE 5 – DEPOSITS AND INVESTMENTS** (continued)

Investments: As of June 30, 2012, the School District had the following investments:

	Fair Value	Investment Maturities Less Than 1 Year	Investment Maturities (in Years) 1 - 5	Call Date	S&P Rating	Percent of Total Investments
Federal National Mortgage Association Notes	\$1,001,550	\$0	\$1,001,550	8/6/2012 and 1/30/13	AA+	49.29%
Federal Home Loan Mortgage Corporation Bonds	401,076	0	401,076	1/23/2014	AA+	19.73%
STAR Ohio	389,063	389,063	0	----	AAAm	19.14%
Negotiable Certificated of Deposits	240,624	240,625	0	----	----	11.84%
Totals	<u>\$2,032,313</u>	<u>\$629,688</u>	<u>\$1,402,626</u>			<u>100.00%</u>

*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 STAR Ohio 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 deposit 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.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**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 and public utility property located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011, and are collected in calendar year 2012 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable includes real property and public utility property which are measurable as of June 30, 2012, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2012, was \$104,587 in the General Fund, \$12,945 in the Bond Retirement Fund and \$1,807 in Other Governmental Funds. The amount available as an advance at June 30, 2011, was \$119,998 in the General Fund, \$14,996 in the Bond Retirement Fund, and \$2,060 in Other Governmental Funds.

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



**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 6 – PROPERTY TAXES** (continued)

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

	2011 Second- Half Collections		2012 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$78,004,740	95.48%	\$77,581,460	95.32%
Public Utility Personal	3,689,420	4.52%	3,812,750	4.68%
Total Assessed Value	<u>\$81,694,160</u>	<u>100.00%</u>	<u>\$81,394,210</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$28.81		\$28.31	

**NOTE 7 – RECEIVABLES**

Receivables at June 30, 2012, consisted of property taxes, accounts, intergovernmental grants, and accrued interest. 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>	
Miscellaneous Reimbursements	\$16,291
Early Childhood Education	20,894
Education Jobs	91,694
Title VI - B, Special Education	47,439
Title II-D Technology	2,288
Title I	132,233
Title II - A, Improving Teacher Quality	16,569
Title VI-B, Rural and Low Income	7,141
Ohio School Facilities Commission	244,825
Total Intergovernmental Receivables	<u>\$579,374</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. During fiscal year 2011, the School District was awarded an additional \$1,032,428 in school facilities grants to further assist in the construction of the new middle school. This brings the total monies awarded by the Ohio School Facilities Commission to \$16,695,420 for this project.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

**NOTE 8 – CAPITAL ASSETS**

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

	Restated Balance at 6/30/11	Additions	Deletions	Balance at 6/30/12
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$1,852,309	\$0	\$0	\$1,852,309
Construction in Progress	14,577,980	1,243,530	(15,821,510)	0
Total Capital Assets Not Being Depreciated	<u>16,430,289</u>	<u>1,243,530</u>	<u>(15,821,510)</u>	<u>1,852,309</u>
Capital Assets Being Depreciated:				
Land Improvements	2,123,798	359,439	(79,692)	2,403,545
Buildings and Improvements	25,602,687	15,821,510	(4,469,236)	36,954,961
Furniture, Fixtures and Equipment	2,219,272	654,935	0	2,874,207
Vehicles	1,210,040	100,665	(50,002)	1,260,703
Total Capital Assets Being Depreciated	<u>31,155,797</u>	<u>16,936,549</u>	<u>(4,598,930)</u>	<u>43,493,416</u>
Less Accumulated Depreciation:				
Land Improvements	(969,332)	(132,128)	61,048	(1,040,412)
Building and Improvements	(10,246,879)	(818,212)	3,194,452	(7,870,639)
Furniture, Fixtures and Equipment	(1,340,270)	(164,066)	0	(1,504,336)
Vehicles	(913,858)	(40,822)	47,001	(907,679)
Total Accumulated Depreciation	<u>(13,470,339)</u>	<u>(1,155,228) *</u>	<u>3,302,501</u>	<u>(11,323,066)</u>
Total Capital Assets Being Depreciated, Net	<u>17,685,458</u>	<u>15,781,321</u>	<u>(1,296,429)</u>	<u>32,170,350</u>
Governmental Activities Capital Assets, Net	<u>\$34,115,747</u>	<u>\$17,024,851</u>	<u>(\$17,117,939)</u>	<u>\$34,022,659</u>

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 8 – CAPITAL ASSETS** (continued)

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

Instruction:	
Regular	\$483,518
Special	115,569
Vocational	7,647
Support Services:	
Pupils	47,841
Instructional Staff	38,273
Administration	62,193
Fiscal	14,352
Operation and Maintenance of Plant	61,892
Pupil Transportation	49,213
Operation of Non-Instructional Services:	
Food Service Operations	122,300
Extracurricular Activities	152,430
Total Depreciation Expense	<u><u>\$1,155,228</u></u>

**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.

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, 2012

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**NOTE 9 – RISK MANAGEMENT** (continued)

**Employee Medical and Dental Benefits**

The School District participates in the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool (Note 15), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District’s behalf.

**Workers’ Compensation**

For fiscal year 2012, the School District participated in the Ohio Bureau of Workers’ Compensation Group Retrospective Rating Program (GRRP), an insurance purchasing pool (see Note 15). The intent of the GRRP is to reward participants that are able to keep their claims costs below a predetermined amount. As part of the GRRP, school districts join together as a group. Each school district continues to pay its own individual premium to the State. However, each school district has the opportunity to receive retrospective premium adjustments (refunds or assessments) at 12, 24, and 36 months after the end of the policy year. At the end of each policy year, the Bureau of Workers’ Compensation (BWC) will take a snap-shot of the incurred claims losses (indemnity, medical, and reserves) for the entire group and calculate the group’s retrospective premium. If the retrospective premium that is calculated is less than the group’s total standard premium, the participants will receive a refund. However, if the retrospective premium is greater than the group’s total standard premium, an assessment will be levied by BWC. Each group limits the maximum assessment by selecting a premium cap between five percent and 100 percent of merit rated premium. Participation in the GRRP is limited to school districts that can meet the GRRP’s selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRRP.

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

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

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**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 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2012, the allocation to pension and death benefits was 12.70 percent. The remaining 1.30 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$203,734, \$70,016, and \$243,923, respectively. The full amount has been contributed for fiscal years 2012, 2011, and 2010.

**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 system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 10 – DEFINED BENEFIT PENSION PLANS** (continued)

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.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$756,116, \$878,536, and \$878,769, respectively. For fiscal year 2012, 88.47 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

Contributions to STRS Ohio for the DC Plan and for fiscal year 2012 were \$4,252 made by the School District and \$3,037 made by the plan members. In addition, member contributions of \$8,515 were made for fiscal year 2012 for the defined contribution portion of the Combined Plan.

**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, 2012, all five members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 11 – POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2012, 0.55 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 fiscal year 2012, this amount was \$35,800. During fiscal year 2012, the School District paid \$23,745 in surcharge.

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, 2012, 2011, and 2010 were \$32,568, \$18,537, and \$41,349, respectively. The full amount has been contributed for fiscal years 2012, 2011, and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2012, 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, 2012, 2011, and 2010 were \$12,032, \$4,506, and \$14,506, respectively. The full amount has been contributed for fiscal years 2012, 2011, and 2010.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 11 – POSTEMPLOYMENT BENEFITS** (continued)

**State Teachers Retirement System of Ohio**

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$58,163, \$67,580, and \$67,598, respectively. For fiscal year 2012, 88.47 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2011 and 2010.

**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 230 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.



**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 12 – EMPLOYEE BENEFITS** (continued)

**Insurance Benefits**

The School District provides its teachers, administrators and classified nonunion employees with life insurance through the Metropolitan Educational Council (See Note 15), 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 Central States Fund. 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.

**NOTE 13 – LONG-TERM OBLIGATIONS**

The changes in the School District’s long-term obligations during the fiscal year 2012 were as follows:

	Principal Outstanding 6/30/11	Additions	Deductions	Principal Outstanding 6/30/12	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds					
2001 Refunding Classroom Facilities					
Serial Bonds 3.3% to 5%	\$500,000	\$0	\$0	\$500,000	\$0
Original Issue Capital					
Appreciation Bonds	67,507	0	35,955	31,552	31,552
Accretion on Capital					
Appreciation Bonds	249,002	0	116,380	132,622	0
Premium on Debt Issue	4,413	0	4,413	0	0
Deferred Loss on Refunding	(17,183)	0	(8,592)	(8,591)	0
Compensated Absences	366,494	98,190	120,937	343,747	104,185
Total Governmental Activities Long-Term Obligations	<u>\$1,170,233</u>	<u>\$98,190</u>	<u>\$269,093</u>	<u>\$999,330</u>	<u>\$135,737</u>

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 13 – 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 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 2012, the capital appreciation bonds were fully accreted with a total accretion amount of \$249,002. 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.

Compensated absences will be paid from the Termination Benefits Fund.

The School District's overall legal debt margin was \$7,419,102 with an unvoted debt margin of \$81,394.

Principal and interest requirements to retire the 2001 general obligation debt outstanding at June 30, 2012, are as follows:

Fiscal year	Serial Bonds	Serial Bonds	Capital	Capital	
Ending	Serial Bonds	Serial Bonds	Appreciation	Appreciation	
June 30,	Principal	Interest	Bonds Principal	Bonds Interest	Total
2013	\$0	\$24,358	\$31,552	\$132,622	\$188,532
2014	140,000	21,033	0	0	161,033
2015	145,000	14,192	0	0	159,192
2016	150,000	6,963	0	0	156,963
2017	65,000	1,625	0	0	66,625
Total	<u>\$500,000</u>	<u>\$68,171</u>	<u>\$31,552</u>	<u>\$132,622</u>	<u>\$732,345</u>

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

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 14 – INTERFUND ACTIVITY**

Transfers made during the fiscal year ended June 30, 2012, were as follows:

		<b>Transfers From</b>
		<u>General Fund</u>
<b>Transfer s To</b>	Nonmajor	
	Governmental Funds	<u>\$225,000</u>

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 Other Governmental Funds to support permanent improvement and student activities

**NOTE 15 – 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 \$37,608 for membership during the fiscal year. Financial information can be obtained from 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, 2012

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**NOTE 15 – 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 2012, the School District paid \$325 to the Coalition for services provided during the fiscal year.

*Metropolitan Educational Council*

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

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS, PUBLIC ENTITY SHARED RISK POOL, AND INSURANCE PURCHASING POOL** (continued)

**Public Entity Shared Risk Pool**

*Optimal Health Initiatives Consortium*

The School District is a member of the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium’s economies of scale to create cost-savings. The Council’s business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division’s board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Jennifer Jostworth, CoWorth Financial Services at 10999 Reed Hartman Highway, Suite 304-E, Cincinnati, Ohio 45242.

**Insurance Purchasing Pool**

*Ohio Bureau of Workers’ Compensation Group Retrospective Rating Program*

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

**NOTE 16 – 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 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 for capital acquisitions. Disclosure of this information is required by State statute.

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 16 – SET-ASIDE CALCULATIONS** (continued)

	<u>Capital Acquisitions</u>
Set-aside Reserve Balance as of June 30, 2011	\$0
Current Fiscal Year Set-aside Requirement	254,979
Current Fiscal Year Offsets	(294,313)
Qualifying Disbursements	0
Set-aside Reserve Balance as of June 30, 2012	<u>(\$39,334)</u>
Required Set-aside Balances Carried Forward to FY 2013	<u><u>\$0</u></u>

Although the School District had offsets and qualifying expenditures during the fiscal year that exceeded the requirement, these amounts may not be used to reduce the capital acquisitions set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year. In previous years, the School District was required to have a textbook set aside requirement. Effective July 1, 2011, House Bill 30 of the 129<sup>th</sup> General Assembly repealed the textbook requirement.

**NOTE 17 - FUND BALANCES**

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

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

**NOTE 17 - FUND BALANCES** (continued)

Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Prepays	\$11,341	\$0	\$0	\$11,341
Inventory	47,607	0	1,742	49,349
<b><i>Total Nonspendable</i></b>	<b>58,948</b>	<b>0</b>	<b>1,742</b>	<b>60,690</b>
<b><i>Restricted for</i></b>				
Debt Payment	0	625,175	0	625,175
Food Service Operations	0	0	153,339	153,339
Classroom Facilities				
Maintenance	0	0	352,616	352,616
District Managed				
Student Activities	0	0	56,908	56,908
Title II- D Technology	0	0	1,152	1,152
Title I	0	0	2,554	2,554
Capital Improvements	0	0	106,067	106,067
<b><i>Total Restricted</i></b>	<b>0</b>	<b>625,175</b>	<b>672,636</b>	<b>1,297,811</b>
<b><i>Committed to</i></b>				
Termination Benefits	178,318	0	0	178,318
<b><i>Assigned to</i></b>				
Capital Improvements	0	0	385,126	385,126
Other Purposes	244,284	0	0	244,284
<b><i>Total Assigned</i></b>	<b>244,284</b>	<b>0</b>	<b>385,126</b>	<b>629,410</b>
<b><i>Unassigned (Deficit)</i></b>	<b>1,459,059</b>	<b>0</b>	<b>(19,429)</b>	<b>1,439,630</b>
<b><i>Total Fund Balances</i></b>	<b>\$1,940,609</b>	<b>\$625,175</b>	<b>\$1,040,075</b>	<b>\$3,605,859</b>

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 18 – CONTRACTUAL COMMITMENTS**

The School District contracted for the construction of a new middle school. The outstanding construction commitments at June 30, 2012, are:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/12</u>
Four Seasons	\$46,276	\$41,889	\$4,387
DCK North America LLC	826,340	806,567	19,773
CTL	67,367	63,114	4,253
West End Electric	2,268,271	2,267,770	501
Geiger Brothers	10,168,837	10,168,228	609
Total	<u>\$13,377,091</u>	<u>\$13,347,568</u>	<u>\$29,523</u>

**NOTE 19 – CONTINGENCIES**

**Grants**

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

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

**Litigation**

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



**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2012

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**NOTE 20 – RESTATEMENT OF PRIOR YEAR NET ASSETS**

During fiscal year 2012, the School District had a reappraisal of all of the School District's assets. Also, during fiscal year 2012, the School District changed its asset capitalization threshold from \$1,000 to \$5,000. These changes resulted in a restatement due to differences in the carrying amount or deletion of some assets. These restatements had the following effect on Net Assets:

Net Assets, June 30, 2011	\$42,050,053
Restatement of Capital Assets, Net of Accumulated Depreciation	<u>(3,234,525)</u>
Net Assets, June 30, 2011, as Restated	<u><u>\$38,815,528</u></u>

**WASHINGTON-NILE LOCAL SCHOOL DISTRICT**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Grant Year	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2011/2012	10.555	\$ 31,087	\$ 31,087
Cash Assistance:				
School Breakfast Program	2011/2012	10.553	134,625	134,625
National School Lunch Program	2011/2012	10.555	347,068	347,068
Summer Food Service Program	2011/2012	10.559	9,244	9,244
Cash Assistance Subtotal			<u>490,937</u>	<u>490,937</u>
Total Child Nutrition Cluster			522,024	522,024
Total U.S. Department of Agriculture			522,024	522,024
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Cluster:				
Title I Grants to Local Educational Agencies	2011	84.010	85,902	104,037
Title I Grants to Local Educational Agencies	2012	84.010	665,503	665,242
Total Title I Grants to Local Educational Agencies			<u>751,405</u>	<u>769,279</u>
ARRA - Title I Grants to Local Educational Agencies	2011	84.389	10,411	17,496
Total Title I Cluster			761,816	786,775
Special Education Cluster:				
Special Education Grants to States	2011	84.027	33,352	41,460
Special Education Grants to States	2012	84.027	279,075	276,888
Total Special Education Grants to States			<u>312,427</u>	<u>318,348</u>
ARRA - Special Education Grants to States	2011	84.391	1,236	17,388
Total Special Education Cluster			313,663	335,736
Education Technology State Grants				
Education Technology State Grants	2011	84.318	844	856
Education Technology State Grants	2012		2,872	2,867
Total Education Technology State Grants			<u>3,716</u>	<u>3,723</u>
Rural Education				
Rural Education	2011	84.358	5,672	5,707
Rural Education	2012		22,114	21,907
Total Rural Education			<u>27,786</u>	<u>27,614</u>
Improving Teacher Quality State Grants				
Improving Teacher Quality State Grants	2011	84.367	22,025	23,879
Improving Teacher Quality State Grants	2012		119,227	117,667
Total Improving Teacher Quality State Grants			<u>141,252</u>	<u>141,546</u>
Education Jobs Fund				
Education Jobs Fund	2012	84.410	501,927	501,061
<i>Passed through Shawnee State University:</i>				
Twenty-First Century Community Learning Centers Grant	2010	84.287		10,000
Total U.S. Department of Education			<u>1,750,160</u>	<u>1,806,455</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 2,272,184</u></b>	<b><u>\$ 2,328,479</u></b>

*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, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the School District's 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**

The School District reports commodities consumed on the Schedule at the fair value. The School District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.



# Dave Yost • 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 U.S. 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 the Washington-Nile Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 15, 2013. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

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

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

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 15, 2013.

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



**Dave Yost**  
Auditor of State

March 15, 2012



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Education:

### Compliance

We have audited the compliance of the Washington-Nile Local School District, Scioto County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2012. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

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

### **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 the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

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

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



**Dave Yost**  
Auditor of State

March 15, 2013



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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2012**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<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(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Cluster – CFDA #'s 84.010 and 84.389 Education Jobs Fund – CFDA #84.410
<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?	No

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2011-001	34 C.F.R. Section 80.20(b)(7), monies are to be spent within 30 days. Monies were not spent in accordance with the compliance requirement for the ARRA – State Fiscal Stabilization Fund – Education State Grants.	Yes	



# Dave Yost • 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  
MARCH 28, 2013