



**WHEELERSBURG  
LOCAL SCHOOL DISTRICT**

---

**SCIOTO COUNTY**

**SINGLE AUDIT**

**For the Fiscal Year Ended June 30, 2016**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Wheelersburg Local School District, Scioto County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

March 15, 2017

**This Page Left Intentionally Blank**

**Wheelersburg Local School District**  
*Table of Contents*  
*For the Fiscal Year Ended June 30, 2016*

---

**FINANCIAL SECTION**

Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	4
<i>Basic Financial Statements:</i>	
Government-wide Financial Statements	
Statement of Net Position .....	12
Statement of Activities .....	13
Fund Financial Statements	
Balance Sheet - Governmental Funds .....	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	18
Statement of Fiduciary Net Position - Fiduciary Fund. ....	19
Statement of Changes in Fiduciary Net Position - Fiduciary Fund. ....	20
Notes to the Basic Financial Statements.....	21

**REQUIRED SUPPLEMENTAL SCHEDULE**

Schedule of the School District’s Proportionate Share of the Net Pension Liability – SERS – Last Three Fiscal Years .....	56
Schedule of the School District’s Proportionate Share of the Net Pension Liability – STRS – Last Three Fiscal Years .....	57
Schedule of the School District Contributions – SERS- Last Ten Fiscal Years.....	58
Schedule of the School District Contributions – STRS- Last Ten Fiscal Years.....	60

***Wheelersburg Local School District***  
***Table of Contents***  
***For the Fiscal Year Ended June 30, 2016***

---

**SUPPLEMENTAL SCHEDULE**

Schedule of Federal Awards Receipts and Expenditures ..... 62

Notes to the Schedule of Federal Awards Receipts and Expenditures ..... 63

**AUDIT REPORTS**

Independent Accountant’s Report on Internal Control over Financial Reporting and on  
on Compliance and Other Matters Required by *Government Auditing Standards* ..... 64

Independent Accountant’s Report on Compliance with Requirements Applicable to  
Each Major Program and Internal Control over Compliance Required by  
*Uniform Guidance* ..... 66

Schedule of Findings ..... 68

## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wheelersburg Local School District (District), Scioto County as of and for the year ended June 30, 2016, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Governmental Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheelersburg Local School District, Scioto County, Ohio as of June 30, 2016, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis on pages 4-10 and schedules of net pension liabilities and pension contributions 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquires, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any assurance.

***Supplementary and Other Information***

We audited to opine on the School District's financial statements that collectively comprise its basic financial statements.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 17, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

January 17, 2017

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited

---

The discussion and analysis of the Wheelersburg Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

- ❑ In total, Net Position of decreased \$727,889.
- ❑ General revenues accounted for \$11,117,020. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$5,329,102 of total revenues of \$16,446,122.
- ❑ The School District had \$17,174,011 in expenses related to governmental activities; only \$5,329,102 of these expenses were offset by program specific charges for services and sales, grants, contributions, and interest. General revenues (primarily grants and entitlements and property taxes) of \$11,117,020 were not adequate to provide for these programs.

**Using the Basic Financial Statements**

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

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

**Reporting the School District as a Whole**

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2016?" The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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 Position and changes in those assets. The change in Net Position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited

---

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

### **Reporting the School District's Most Significant Funds**

#### **Fund Financial Statements**

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

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

#### **The School District as a Whole**

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

Table 1 provides a summary of the School District's net Position for fiscal years 2016 and 2015:

**Wheelersburg Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**Unaudited**

Table 1  
Net Position

	Governmental Activities		Increase/ (Decrease)
	2016	2015	
<b><u>Assets:</u></b>			
Current Assets	\$7,834,918	\$7,718,768	\$116,150
Capital Assets, Net	32,025,426	33,498,504	(1,473,078)
<i>Total Assets</i>	<u>39,860,344</u>	<u>41,217,272</u>	<u>(1,356,928)</u>
<b><u>Deferred Outflow of Resources:</u></b>			
Deferred Charge on Refunding Pension	636,810	674,269	(37,459)
	2,070,459	1,188,969	881,490
<i>Total Deferred Outflows of Resources</i>	<u>2,707,269</u>	<u>1,863,238</u>	<u>844,031</u>
<b><u>Liabilities:</u></b>			
Current and Other Liabilities	1,539,606	1,485,931	53,675
Long-Term Liabilities:			
Due Within One Year	678,183	663,566	14,617
Due In More Than One Year:			
Net Pension Liability	18,665,795	16,230,499	2,435,296
Other Amounts	10,454,530	10,953,583	(499,053)
<i>Total Liabilities</i>	<u>31,338,114</u>	<u>29,333,579</u>	<u>2,004,535</u>
<b><u>Deferred Inflow of Resources:</u></b>			
Property Taxes	3,416,494	3,484,752	(68,258)
Pension	1,220,888	2,942,173	(1,721,285)
<i>Total Deferred Inflows of Resources</i>	<u>4,637,382</u>	<u>6,426,925</u>	<u>(1,789,543)</u>
<b><u>Net Position:</u></b>			
Net Investment in Capital Assets	22,668,798	23,550,162	(881,364)
Restricted	1,822,626	1,725,265	97,361
Unrestricted (Deficit)	(17,899,307)	(17,955,421)	56,114
<i>Total Net Position</i>	<u>\$6,592,117</u>	<u>\$7,320,006</u>	<u>(\$727,889)</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2016 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

***Wheelersburg Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited

---

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 requires the net pension liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

Overall, a decrease of \$1,356,928 occurred within Total Assets when compared to the prior fiscal year. The main reason for the decrease is the decrease of capital assets due to depreciation expense being greater than current fiscal year additions.

**Wheelersburg Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**Unaudited**

Total Liabilities increased \$2,004,535 for fiscal year 2016 when compared to the prior fiscal year primarily due to the increase in net pension liability.

Net Investment in Capital Assets decreased \$881,364 as a result of current fiscal year depreciation exceeding current fiscal year asset additions.

Table 2 shows the changes in net Position for fiscal years 2016 and 2015.

Table 2  
Change in Net Position

	Governmental Activities		Increase/ (Decrease)
	2016	2015	
<b><u>Revenues:</u></b>			
Program Revenues:			
Charges for Services and Sales	\$3,164,496	\$3,128,499	\$35,997
Operating Grants, Contributions and Interest	2,164,606	1,989,326	175,280
Capital Grants and Contributions	0	23,000	(23,000)
<i>Total Program Revenues</i>	<u>5,329,102</u>	<u>5,140,825</u>	<u>188,277</u>
General Revenues:			
Property Taxes	3,834,593	3,747,905	86,688
Grants and Entitlements not Restricted to Specific Programs	7,153,279	6,878,196	275,083
Contributions and Donations	13,938	10,903	3,035
Investment Earnings	68,769	32,130	36,639
Miscellaneous	46,441	100,781	(54,340)
<i>Total General Revenues</i>	<u>11,117,020</u>	<u>10,769,915</u>	<u>347,105</u>
<i>Total Revenues</i>	<u>\$16,446,122</u>	<u>\$15,910,740</u>	<u>\$535,382</u>

*(continued)*

**Wheelersburg Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2016**  
**Unaudited**

Table 2  
Change in Net Position  
*(continued)*

	Governmental Activities		Increase/ (Decrease)
	2016	2015	
<b><i>Program Expense:</i></b>			
Instruction:			
Regular	\$8,129,133	\$8,126,997	\$2,136
Special	2,195,156	1,950,740	244,416
Vocational	11,697	17,940	(6,243)
Student Interventions Services	89,133	98,373	(9,240)
Support Services:			
Pupils	722,908	735,690	(12,782)
Instructional Staff	288,649	254,155	34,494
Board of Education	61,404	65,907	(4,503)
Administration	1,131,926	1,023,321	108,605
Fiscal	364,238	331,690	32,548
Business	2,140	0	2,140
Operation and Maintenance of Plant	1,371,947	1,284,918	87,029
Pupil Transportation	528,332	546,497	(18,165)
Central	107,061	93,955	13,106
Operation of Non-Instructional Services	876,525	825,774	50,751
Extracurricular Activities	911,809	847,331	64,478
Interest and Fiscal Charges	381,953	475,303	(93,350)
<i>Total Expenses</i>	<u>17,174,011</u>	<u>16,678,591</u>	<u>495,420</u>
<i>Change in Net Position</i>	<u>(727,889)</u>	<u>(767,851)</u>	<u>39,962</u>
<i>Net Position at Beginning of Year</i>	<u>7,320,006</u>	<u>8,087,857</u>	<u>(767,851)</u>
<i>Net Position at End of Year</i>	<u><u>\$6,592,117</u></u>	<u><u>\$7,320,006</u></u>	<u><u>(\$727,889)</u></u>

Program revenues, which are primarily represented by tuition and fees, charges for extracurricular activities, food service sales, and restricted intergovernmental revenues, were \$5,329,102 of total revenues for fiscal year 2016 and varied insignificantly from fiscal year 2015.

As stated previously, general revenues represent \$11,117,020 of the School District's total revenues, an increase of \$347,105. The increase is primarily due to a change in State funding, which, in turn, increased the amount of revenue received from the State.

The major program expense for governmental activities, as expected, is for instruction, which accounts for \$10,425,119 of all governmental expenses. In total, expenses increased \$495,420. The increase is mostly due to an increase in tuition for special education students paid to the South Central Ohio Educational Service Center.

**The School District's Funds**

Information about the School District's most significant funds starts on page 12. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$16,498,537 and expenditures of \$16,317,314. The net change in fund balance for the fiscal year in the General Fund was an increase of \$61,665, which is insignificant.

The Bond Retirement Debt Service Fund had an insignificant change with an increase of \$52,557.

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
Unaudited

---

**General Fund - Budget Highlights**

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

During fiscal year 2016, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A review of the budgetary comparison statement for the General Fund reflects a \$73,814 increase between the original budget and final budget revenues. For fiscal year 2016, there was also an increase between the final budget and actual revenues of \$7,215.

The difference in expenditures from the original to the final budget was \$43,265. The decrease in expenditures from the final budget to actual expenditures was \$22,269.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2016, the School District had \$32,025,426 invested in capital assets (net of accumulated depreciation), a decrease of \$1,473,078. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

***Debt***

At June 30, 2016, the School District had outstanding general obligation bonds and bond premiums in the amount of \$8,337,482, including a debt refunding that occurred during fiscal year 2013. The School District also had outstanding lease-purchase agreements with total outstanding amounts of \$1,947,125. The School District's long-term obligations also include compensated absences and net pension liability. For further information regarding the School District's long-term obligations, refer to Notes 14 and 15 to 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 questions about this report or need additional information, contact Mr. George Grice, Treasurer, at Wheelersburg Local School District, P.O. Box 340, Wheelersburg, Ohio 45694, or via e-mail at [georgeg@scoca-k12.org](mailto:georgeg@scoca-k12.org).



**This Page Left Intentionally Blank**

**Wheelersburg Local School District**

Statement of Net Position

June 30, 2016

	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$3,567,877
Materials and Supplies Inventory	20,917
Accrued Interest Receivable	6,369
Intergovernmental Receivable	125,701
Prepaid Items	35,827
Property Taxes Receivable	4,078,227
Capital Assets:	
Land	931,568
Depreciable Capital Assets, Net	31,093,858
<i>Total Assets</i>	<u>39,860,344</u>
<b><u>Deferred Outflow Of Resources:</u></b>	
Deferred Charge on Refunding	636,810
Pension	2,070,459
Total Deferred Outflow Of Resources	<u>2,707,269</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	117,435
Accrued Wages and Benefits Payable	1,213,242
Intergovernmental Payable	190,206
Accrued Interest Payable	18,723
Long-Term Liabilities:	
Due Within One Year	678,183
Due In More Than One Year:	
Net Pension Liability (See Note 11)	18,665,795
Other Amounts	10,454,530
<i>Total Liabilities</i>	<u>31,338,114</u>
<b><u>Deferred Inflow Of Resources:</u></b>	
Property Taxes	3,416,494
Pension	1,220,888
Total Deferred Inflow Of Resources	<u>4,637,382</u>
<b><u>Net Position:</u></b>	
Net Investment in Capital Assets	22,668,798
Restricted for:	
Debt Service	851,211
Capital Projects	246,105
Other Purposes:	
Food Services	99,013
Classroom Facilities	361,312
Student Activities	162,151
State and Federal Grants	102,834
Unrestricted (Deficit)	<u>(17,899,307)</u>
<i>Total Net Position</i>	<u>\$6,592,117</u>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2016

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	
<b><u>Governmental Activities:</u></b>				
Instruction:				
Regular	\$8,129,133	\$2,343,479	\$199,715	(\$5,585,939)
Special	2,195,156	121,019	1,264,844	(809,293)
Vocational	11,697	0	4,002	(7,695)
Student Intervention Services	89,133	0	0	(89,133)
Support Services:				
Pupils	722,908	28,530	0	(694,378)
Instructional Staff	288,649	0	24,528	(264,121)
Board of Education	61,404	0	0	(61,404)
Administration	1,131,926	0	0	(1,131,926)
Fiscal	364,238	0	0	(364,238)
Business	2,140	0	0	(2,140)
Operation and Maintenance of Plant	1,371,947	0	0	(1,371,947)
Pupil Transportation	528,332	0	14,413	(513,919)
Central	107,061	0	0	(107,061)
Operation of Non-Instructional Services	876,525	256,462	495,885	(124,178)
Extracurricular Activities	911,809	415,006	161,219	(335,584)
Interest and Fiscal Charges	381,953	0	0	(381,953)
<b>Total Governmental Activities</b>	<b>\$17,174,011</b>	<b>\$3,164,496</b>	<b>\$2,164,606</b>	<b>(11,844,909)</b>

**General Revenues:**

Property Taxes Levied for:	
General Purposes	2,943,348
Debt Service	549,714
Capital Outlay	281,906
Facility Maintenance	59,625
Grants and Entitlements not Restricted to Specific Programs	7,153,279
Contributions and Donations	13,938
Investment Earnings	68,769
Miscellaneous	46,441
<b>Total General Revenues</b>	<b>11,117,020</b>
<b>Change in Net Position</b>	<b>(727,889)</b>
<b>Net Position at Beginning of Year</b>	<b>7,320,006</b>
<b>Net Position at End of Year</b>	<b>\$6,592,117</b>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**

Balance Sheet  
Governmental Funds  
June 30, 2016

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$1,842,862	\$773,490	\$951,525	\$3,567,877
Receivables:				
Property Taxes	3,152,686	571,140	354,401	4,078,227
Intergovernmental	31,751	0	93,950	125,701
Accrued Interest	6,369	0	0	6,369
Prepaid Items	29,966	0	5,861	35,827
Materials and Supplies Inventory	20,917	0	0	20,917
<i>Total Assets</i>	<u>\$5,084,551</u>	<u>\$1,344,630</u>	<u>\$1,405,737</u>	<u>\$7,834,918</u>
<b><u>Liabilities:</u></b>				
Accounts Payable	\$91,071	\$0	\$26,364	\$117,435
Accrued Wages and Benefits Payable	1,119,643	0	93,599	1,213,242
Intergovernmental Payable	164,285	0	25,921	190,206
<i>Total Liabilities</i>	<u>1,374,999</u>	<u>0</u>	<u>145,884</u>	<u>1,520,883</u>
<b><u>Deferred Inflows of Resources:</u></b>				
Property Taxes	2,647,362	474,696	294,436	3,416,494
Unavailable Revenue	296,625	54,731	58,698	410,054
<i>Total Deferred Inflows of Resources</i>	<u>2,943,987</u>	<u>529,427</u>	<u>353,134</u>	<u>3,826,548</u>
<b><u>Fund Balances:</u></b>				
Nonspendable	50,883	0	5,861	56,744
Restricted	0	815,203	907,169	1,722,372
Assigned	714,682	0	0	714,682
Unassigned (Deficit)	0	0	(6,311)	(6,311)
<i>Total Fund Balances</i>	<u>765,565</u>	<u>815,203</u>	<u>906,719</u>	<u>2,487,487</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,084,551</u>	<u>\$1,344,630</u>	<u>\$1,405,737</u>	<u>\$7,834,918</u>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2016

**Total Governmental Fund Balances** \$2,487,487

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

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

Land	931,568	
Depreciable capital assets	44,877,987	
Accumulated depreciation	(13,784,129)	
Total		32,025,426

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 reported as unavailable revenue in the funds.

Delinquent property taxes	378,594	
Intergovernmental	25,102	
Accrued Interest	6,358	
Total		410,054

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.

Deferred Outflows - Pension	2,070,459	
Deferred Inflows - Pension	(1,220,888)	
Net Pension Liability	(18,665,795)	
Total		(17,816,224)

Deferred outflows of resources include deferred charges on refunding which do not provide current financial resources and, therefore are not reported in the funds. 636,810

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (18,723)

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	(7,175,000)	
Bond premium	(871,313)	
Accretion on capital appreciation bonds	(291,169)	
Capital leases	(1,947,125)	
Compensated absences	(848,106)	
Total		(11,132,713)

**Net Position of Governmental Activities** \$6,592,117

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2016

	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>				
Property Taxes	\$2,966,625	\$554,672	\$344,621	\$3,865,918
Intergovernmental	7,660,180	73,679	1,432,874	9,166,733
Investment Earnings	61,011	0	6,181	67,192
Tuition and Fees	2,421,227	0	0	2,421,227
Extracurricular Activities	28,530	0	415,006	443,536
Customer Sales and Service	43,271	0	256,462	299,733
Contributions and Donations	2,017	0	185,740	187,757
Miscellaneous	42,290	0	4,151	46,441
<b>Total Revenues</b>	<b>13,225,151</b>	<b>628,351</b>	<b>2,645,035</b>	<b>16,498,537</b>
<b><u>Expenditures:</u></b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	7,243,989	0	222,886	7,466,875
Special	1,396,025	0	667,123	2,063,148
Vocational	11,697	0	0	11,697
Student Intervention Services	88,751	0	0	88,751
<b>Support Services:</b>				
Pupils	662,202	0	0	662,202
Instructional Staff	209,926	0	25,751	235,677
Board of Education	60,504	0	0	60,504
Administration	1,020,544	0	0	1,020,544
Fiscal	314,707	13,763	8,521	336,991
Business	2,140	0	0	2,140
Operation and Maintenance of Plant	1,163,388	0	72,454	1,235,842
Pupil Transportation	468,632	0	0	468,632
Central	97,324	0	0	97,324
Operation of Non-Instructional Services	111,045	0	718,198	829,243
Extracurricular Activities	230,578	0	535,120	765,698
Capital Outlay	0	0	40,499	40,499
<b>Debt Service:</b>				
Principal Retirement	63,000	325,000	190,125	578,125
Interest and Fiscal Charges	6,930	237,031	109,461	353,422
<b>Total Expenditures</b>	<b>13,151,382</b>	<b>575,794</b>	<b>2,590,138</b>	<b>16,317,314</b>
<b>Excess of Revenues Over Expenditures</b>	<b>73,769</b>	<b>52,557</b>	<b>54,897</b>	<b>181,223</b>
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Sale of Capital Assets	896	0	0	896
Transfers In	0	0	38,000	38,000
Transfers Out	(13,000)	0	(25,000)	(38,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(12,104)</b>	<b>0</b>	<b>13,000</b>	<b>896</b>
<b>Net Change in Fund Balances</b>	<b>61,665</b>	<b>52,557</b>	<b>67,897</b>	<b>182,119</b>
<b>Fund Balances at Beginning of Year</b>	<b>703,900</b>	<b>762,646</b>	<b>838,822</b>	<b>2,305,368</b>
<b>Fund Balances at End of Year</b>	<b>\$765,565</b>	<b>\$815,203</b>	<b>\$906,719</b>	<b>\$2,487,487</b>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2016

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$182,119</b>
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
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 asset additions	159,192	
Depreciation expense	<u>(1,600,756)</u>	
Excess of depreciation expense over capital outlay		(1,441,564)
The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets is removed from the capital assets account in the Statement of Net Position and offset against the proceeds from the sale of capital assets resulting in a gain or loss on the sale of capital assets in the Statement of Activities.		
Proceeds from sale of capital assets	(896)	
Loss on disposal of capital assets	<u>(30,618)</u>	
Total		(31,514)
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 therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this fiscal year:		
Delinquent property taxes	(31,325)	
Intergovernmental	(23,711)	
Investment earnings	<u>2,621</u>	
Total		(52,415)
Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
		1,125,633
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.		
		(958,154)
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 Position. In the current fiscal year, these amounts consist of:		
Bond payments	325,000	
Capital lease payments	<u>253,125</u>	
Total		578,125
Accretion and amortization of bond premiums, the deferred charges on refunding, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.		
Decrease in accrued interest	1,029	
Amortization of bond premium	61,904	
Amortization of deferred charges on refunding	(37,459)	
Accretion of Capital Appreciation Bonds	<u>(54,005)</u>	
Total		(28,531)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. These activities consist of:		
Increase in compensated absences payable		<u>(101,588)</u>
<b>Change in Net Position of Governmental Activities</b>		<b><u>(\$727,889)</u></b>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			Variance Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Revenues:</u></b>				
Property Taxes	\$2,853,685	\$2,870,000	\$2,870,399	\$399
Intergovernmental	7,589,012	7,632,400	7,638,474	6,074
Investment Earnings	28,835	29,000	30,343	1,343
Tuition and Fees	2,408,082	2,421,850	2,421,227	(623)
Extracurricular Activities	28,649	28,813	28,530	(283)
Contributions and Donations	1,939	1,950	2,017	67
Miscellaneous	597	600	838	238
<i>Total Revenues</i>	<u>12,910,799</u>	<u>12,984,613</u>	<u>12,991,828</u>	<u>7,215</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	7,470,136	7,291,315	7,275,151	16,164
Special	1,192,349	1,408,996	1,426,233	(17,237)
Vocational	18,300	11,000	11,697	(697)
Student Intervention Services	88,730	90,530	89,331	1,199
Support Services:				
Pupils	665,071	652,830	662,304	(9,474)
Instructional Staff	222,882	208,082	204,394	3,688
Board of Education	87,489	84,059	77,725	6,334
Administration	1,028,537	1,025,817	1,029,287	(3,470)
Fiscal	319,085	332,245	332,143	102
Business	0	2,200	2,140	60
Operation and Maintenance of Plant	1,215,916	1,270,046	1,265,959	4,087
Pupil Transportation	544,922	510,752	502,478	8,274
Central	93,716	97,826	98,028	(202)
Operation of Non-Instructional Services	101,030	105,730	103,104	2,626
Extracurricular Activities	253,085	253,085	242,340	10,745
Debt Service:				
Principal Retirement	63,000	63,000	63,000	0
Interest and Fiscal Charges	7,000	7,000	6,930	70
<i>Total Expenditures</i>	<u>13,371,248</u>	<u>13,414,513</u>	<u>13,392,244</u>	<u>22,269</u>
Excess of Revenues Under Expenditures	<u>(460,449)</u>	<u>(429,900)</u>	<u>(400,416)</u>	<u>29,484</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Sale of Capital Assets	900	900	896	(4)
Refund of Prior Year Expenditures	85,300	85,300	84,723	(577)
Refund of Prior Year Receipts	(1,000)	(1,000)	0	1,000
Transfers In	560,300	560,300	560,300	0
Transfers Out	(470,300)	(573,300)	(573,300)	0
Advances Out	(5,000)	(5,000)	0	5,000
<i>Total Other Financing Sources (Uses)</i>	<u>170,200</u>	<u>67,200</u>	<u>72,619</u>	<u>5,419</u>
<i>Net Change in Fund Balance</i>	<u>(290,249)</u>	<u>(362,700)</u>	<u>(327,797)</u>	<u>34,903</u>
<i>Fund Balance at Beginning of Year</i>	1,633,211	1,633,211	1,633,211	0
<i>Prior Year Encumbrances Appropriated</i>	<u>218,946</u>	<u>218,946</u>	<u>218,946</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,561,908</u></u>	<u><u>\$1,489,457</u></u>	<u><u>\$1,524,360</u></u>	<u><u>\$34,903</u></u>

See accompanying notes to the basic financial statements



**Wheelersburg Local School District**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2016

	Private Purpose Trust Funds	Agency Fund
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$368,037	\$72,831
<b><u>Liabilities:</u></b>		
Undistributed Monies	0	\$72,831
<b><u>Net Position:</u></b>		
Held in Trust for Scholarships	\$368,037	

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2016

	Private Purpose Trust Funds
	Scholarships
<b><u>Additions:</u></b>	
Contributions and Donations	\$18,157
Interest	6,695
Miscellaneous	500
	25,352
<b><u>Deductions:</u></b>	
Payments in Accordance with Trust Agreements	15,500
<i>Change in Net Position</i>	9,852
<i>Net Position at Beginning of Year</i>	358,185
<i>Net Position at End of Year</i>	\$368,037

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

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

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

The School District was established in 1859 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 17 square miles. It is located in Scioto County, and includes most of Porter Township. It is staffed by 47 non-certificated employees, 97 certificated full-time teaching personnel and nine administrative employees who provide services to 1,579 students and other community members. The School District currently operates one instructional building, one administrative building, and one garage.

*Reporting Entity*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

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

The School District participates in six organizations, three of which are defined as jointly governed organizations, two as insurance purchasing pools, and one as a public entity shared risk pool. These organizations are presented in Note 17 to the basic financial statements. These organizations are:

- Jointly Governed Organization:
  - South Central Ohio Computer Association Regional Council of Governments
  - Metropolitan Educational Technology Association (META)
  - Southern Ohio Academy
- Insurance Purchasing Pools:
  - Ohio School Plan
  - Ohio SchoolComp Group Retrospective Rating Program
- Public Entity Shared Risk Pool:
  - Optimal Health Initiatives Consortium

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

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

The financial statements of the Wheelersburg Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 Position 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 Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements normally distinguish between those activities of the School District that are governmental and those that are considered business-type activities. However, the School District has no business-type activities.

The Statement of Net Position 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.

*Fund Financial Statements*

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

**Fund Accounting**

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

*Governmental Funds*

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

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

Bond Retirement Fund - The Bond Retirement Debt Service Fund is used to account for and report property taxes restricted for the payment of, general obligation bond principal and interest.

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

*Fiduciary Funds*

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

**Measurement Focus**

*Government-wide Financial Statements*

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

*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 deferred outflows of resources and current liabilities deferred inflows of resources 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.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

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

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and fiduciary fund financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, 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 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance, grants, and interest.

*Deferred Outflows/Inflows of Resources:*

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 11.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources included property taxes, pension and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, interest, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 11).

*Expenses/Expenditures*

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

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

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**Budgetary Process**

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

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

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

**Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled for investment with the exception of lease proceeds related to the new facilities construction project. Monies for all other funds are maintained in the pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2016, the School District's investments were limited to Federal Home Loan Bank Notes and Negotiable Certificates of Deposit. Investments are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price.

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 2016 amounted to \$61,011, which includes \$26,305 assigned 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 presented on the financial statements as cash equivalents.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2016, 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**

The School District's only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. 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 position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The capitalization threshold is \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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:



**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

Description	Estimated Lives
Land Improvements	10 - 40 years
Buildings and Improvements	15 - 30 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	5 - 12 years
Textbooks	10 years

**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.

**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 governmental funds. However, compensated absences and net position liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current fiscal year. Bonds and capital leases that will be paid from governmental funds are recognized as an expenditure and liability on the governmental fund financial statements when due.

**Bond Premiums and Compounded Interest on Capital Appreciation Bonds**

For governmental activities, bond premiums 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.

On the governmental fund financial statements, 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.

**Fund Balance**

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

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

*Nonspendable*

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

*Restricted*

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

*Committed*

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

*Assigned*

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the general fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

*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 fund balance.

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.

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

**Net Position**

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Position restricted for other purposes include resources restricted for food service operations, music and athletic programs, donations received for athletic stadium renovations, property tax revenues received for the maintenance of facilities, and federal and State grants restricted to expenditures for specified purposes.

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

**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. Interfund payments for 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 and after non-operating revenues/expenses in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Estimates**

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

**NOTE 3 – 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:

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

Fund Balances	General Fund	Bond Retirement Fund	Nonmajor Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Prepays	\$29,966	\$0	\$5,861	\$35,827
Inventory	20,917	0	0	20,917
<b><i>Total Nonspendable</i></b>	<b>50,883</b>	<b>0</b>	<b>5,861</b>	<b>56,744</b>
<b><i>Restricted for</i></b>				
Bond Retirement	0	815,203	0	815,203
Food Service Operations	0	0	99,013	99,013
Athletics	0	0	161,871	161,871
Miscellaneous State Grants	0	0	78,045	78,045
Capital Improvements	0	0	218,038	218,038
Classroom Facilities	0	0	350,202	350,202
<b><i>Total Restricted</i></b>	<b>0</b>	<b>815,203</b>	<b>907,169</b>	<b>1,722,372</b>
<b><i>Assigned to</i></b>				
Purchases on Order	199,665	0	0	199,665
Future Appropriations	515,017	0	0	515,017
<b><i>Total Assigned</i></b>	<b>714,682</b>	<b>0</b>	<b>0</b>	<b>714,682</b>
<b><i>Unassigned (Deficit)</i></b>	<b>0</b>	<b>0</b>	<b>(6,311)</b>	<b>(6,311)</b>
<b><i>Total Fund Balances</i></b>	<b>\$765,565</b>	<b>\$815,203</b>	<b>\$906,719</b>	<b>\$2,487,487</b>

**NOTE 4 – ACCOUNTABILITY**

At June 30, 2016, the Public School Preschool and Raising the Bar Special Revenue Funds had deficit fund balances of \$5,998 and \$313 respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 5 – BUDGETARY BASIS OF ACCOUNTING**

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).
4. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

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

Net Change in Fund Balance	
GAAP Basis	\$61,665
Adjustments:	
Revenue Accruals	(117,943)
Expenditure Accruals	49,844
Encumbrances	(290,706)
Net Decrease in Fair Value of Investments - Fiscal Year 2015	(2,861)
Net Increase in Fair Value of Investments - Fiscal Year 2016	(27,796)
Budget Basis	(\$327,797)

**NOTE 6 – DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, 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;

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

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

*Deposits:* Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$1,100,022 of the School District's bank balance of \$1,368,090 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

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

*Investments:* As of June 30, 2016, the School District had the following investments. All investments are in an internal investment pool.

**Wheelersburg Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>S&amp;P/ Moody's Rating</u>	<u>Percent of Total Investments</u>
Fair Value				
Federal Home Loan Bank Notes	\$280,000	Less than five years	AA+	10.26%
Negotiable Certificates of Deposit	<u>2,447,796</u>	Less than five years	N/A	89.74%
Totals	<u><u>\$2,727,796</u></u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2016. All of the School District's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

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

*Credit Risk:* The S&P rating of the School District's investments are listed in the table above. The School District's investment policy limits investments to those authorized by State statute but does not specifically address credit risk.

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

**NOTE 7 – PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, the lien date. Assessed values for real property taxes are established by State statute 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 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

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 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, 2016, are available to finance fiscal year 2016 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 taxes which were measurable as of June 30, 2016 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 reflected 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 inflows – property taxes.

The amount available as an advance at June 30, 2016, was \$283,139 and is recognized as revenue: \$215,057 in the General Fund, \$41,713 in the Bond Retirement Debt Service Fund, and \$26,369 in the Other Governmental Funds. The amount available as an advance at June 30, 2015, was \$156,375 and is recognized as revenue: \$118,831 in the General Fund, \$23,103 in the Bond Retirement Debt Service Fund, and \$14,441 in the Other Governmental Funds

On an 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 inflows of resources – unavailable revenue.

The assessed values upon which fiscal year 2016 taxes were collected are:

	2015 Second- Half Collections		2016 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$142,556,030	91.10%	\$143,863,420	90.54%
Public Utility Personal	13,935,140	8.90%	15,037,550	9.46%
<i>Total Assessed Value</i>	<i>\$156,491,170</i>	<i>100.00%</i>	<i>\$158,900,970</i>	<i>100.00%</i>
Tax rate per \$1,000 of assessed valuation	\$32.28		\$34.31	

**NOTE 8 – RECEIVABLES**

Receivables at June 30, 2016, consisted of property taxes, intergovernmental grants, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:



**Wheelersburg Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

	Amounts
<b><u>Governmental Activities:</u></b>	
Title I	\$48,708
Special Education, Part B-IDEA	18,356
Title VI-B, Rural Education Initiative	4,633
Title II-A, Improving Teacher Quality	22,253
Foundation Adjustment	31,751
<i>Total Intergovernmental Receivables</i>	\$125,701

**NOTE 9 – CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2016, was as follows:

	Balance At 6/30/2015	Additions	Deletions	Balance At 6/30/2016
<b><u>Governmental Activities:</u></b>				
Capital Assets Not Being Depreciated:				
Land	\$931,568	\$0	\$0	\$931,568
Depreciable Capital Assets:				
Land Improvements	1,498,910	0	0	1,498,910
Buildings and Improvements	39,098,254	44,914	0	39,143,168
Furniture, Fixtures and Equipment	2,578,403	114,278	(34,383)	2,658,298
Vehicles	1,180,811	0	(58,553)	1,122,258
Textbooks	455,353	0	0	455,353
<i>Total Depreciable Capital Assets</i>	44,811,731	159,192	(92,936)	44,877,987
Land Improvements	(568,455)	(66,855)	0	(635,310)
Buildings and Improvements	(9,034,124)	(1,290,585)	0	(10,324,709)
Furniture, Fixtures and Equipment	(1,476,432)	(181,512)	8,724	(1,649,220)
Vehicles	(755,967)	(61,804)	52,698	(765,073)
Textbooks	(409,817)	0	0	(409,817)
<i>Total Accumulated Depreciation</i>	(12,244,795)	(1,600,756) *	61,422	(13,784,129)
<i>Total Capital Assets Being Depreciated, Net</i>	32,566,936	(1,441,564)	(31,514)	31,093,858
<i>Governmental Activities Capital Assets, Net</i>	\$33,498,504	(\$1,441,564)	(\$31,514)	\$32,025,426

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

Instruction:	
Regular	\$797,937
Special	149,317
Support Services:	
Pupils	66,252
Instructional Staff	46,304
Board of Education	900
Administration	93,175
Fiscal	28,846
Operation and Maintenance of Plant	142,399
Pupil Transportation	58,890
Central	9,237
Operation of Non-Instructional Services	56,594
Extracurricular Activities	150,905
<i>Total Depreciation Expense</i>	<u><u>\$1,600,756</u></u>

**NOTE 10 – RISK MANAGEMENT**

**Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District has joined with other school districts in Ohio to participate in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to Hylant Administrative Services, LLC (See Note 17). During fiscal year 2016, the School District contracted with the Ohio School Plan for liability, fleet, and property insurance coverage.

Settled claims have not exceeded this commercial coverage in any of the past four fiscal years. Insurance coverage has stayed consistent from the previous fiscal year.

**Employee Medical and Dental Benefits**

The School District participates in the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool (Note 17), 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 2016, the School District participated in the Ohio SchoolComp Group Retrospective Rating Program (GRRP), an insurance purchasing pool (See Note 17). The intent of the GRRP is to reward participants that are able to keep their claims costs below a predetermined amount. As part of the GRRP, school districts join together as a group. Each school district continues to pay its own individual premium to the State. However, each school district has the opportunity to receive retrospective premium adjustments (refunds or assessments) at 12, 24, and 36 months after the end of the policy year. At the end of each policy year, the Bureau of Workers’ Compensation (BWC) will take a snap-shot of the incurred claims losses (indemnity, medical, and reserves) for the entire group and calculate the group’s retrospective premium. If the retrospective premium that is calculated is less than the group’s total standard premium, the participants will receive a refund. However, if the retrospective premium is

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

greater than the group's total standard premium, an assessment will be levied by BWC. Each group limits the maximum assessment by selecting a premium cap between five percent and 100 percent of merit rated premium. Participation in the GRRP is limited to school districts that can meet the GRRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRRP.

**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

**Net Pension Liability**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**Plan Description - School Employees Retirement System (SERS)**

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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, required

**Wheelersburg Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

---

supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was \$259,978 for fiscal year 2016. Of this amount \$23,428 is reported as an intergovernmental payable.

**Plan Description - State Teachers Retirement System (STRS)**

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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, 11 percent of the 12 percent member rate goes to the DC Plan and 1 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. Effective July 1, 2016, the statutory maximum employee contribution rate was increased one percent to 14 percent. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$865,655 for fiscal year 2016. Of this amount \$145,632 is reported as an intergovernmental payable.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability Prior Measurement Date	0.05268700%	0.05576526%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.05491530%</u>	<u>0.05620087%</u>	
Change in Proportionate Share	<u>0.00222830%</u>	<u>0.00043561%</u>	
Proportionate Share of the Net Pension Liability	\$3,133,519	\$15,532,276	\$18,665,795
Pension Expense	\$229,241	\$728,913	\$958,154

At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$50,455	\$708,075	\$758,530
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	95,844	90,452	186,296
School District contributions subsequent to the measurement date	<u>259,978</u>	<u>865,655</u>	<u>1,125,633</u>
Total Deferred Outflows of Resources	<u>\$406,277</u>	<u>\$1,664,182</u>	<u>\$2,070,459</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$103,824</u>	<u>\$1,117,064</u>	<u>\$1,220,888</u>

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

\$1,125,633 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2017	(\$7,083)	(\$229,472)	(\$236,555)
2018	(7,083)	(229,472)	(236,555)
2019	(7,322)	(229,472)	(236,794)
2020	63,963	369,879	433,842
Total	\$42,475	(\$318,537)	(\$276,062)

**Actuarial Assumptions - SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$4,345,067	\$3,133,519	\$2,113,298

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:



**Wheelersburg Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

---

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

STRS’ investment consultant develops best estimates for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Nominal Rate of Return *</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

\* 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.5 percent.

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

**Sensitivity of the School District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$21,575,504	\$15,532,276	\$10,421,827

**NOTE 12 – POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System**

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) 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 financial report of the Plan is 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.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no allocation of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2016, the School District's surcharge obligation was \$28,487.

The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$41,600, and \$28,633, respectively. The full amount has been contributed for all three fiscal years.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

**State Teachers Retirement System of Ohio**

Plan Description – The State Teachers Retirement System of Ohio (STRS Ohio) administers a cost-sharing multiple-employer defined benefit Health Plan administered 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 discretionary 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For the fiscal years ended June 30, 2016 and June 30, 2015, STRS Ohio did not allocate any employer contributions to post-employment health care. For the fiscal year ended June 30, 2014, one percent of covered payroll was allocated to post-employment health care. The School District’s contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$0, \$0, and \$57,232, respectively. The full amount has been contributed for all three fiscal years.

**NOTE 13 – EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 30 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days.

**Special Termination Benefit Payable**

For fiscal years 2006 to 2016, employees eligible to retire were offered a special termination benefit. A bargaining unit employee who becomes eligible under the Ohio Revised Code Section 3307.38 and elects to take service retirement through STRS and provides the School District with notice by the regular February Board of Education meeting is entitled to receive a one-time lump-sum payment, less payroll withholdings. For the fiscal year ended June 30, 2016, there were no employees who retired and were eligible for the bonus.

**Insurance**

The School District provides life insurance to most employees through the Metropolitan Educational Technology Association, health and dental insurance through the Optimal Health Initiatives Consortium, and vision benefits through Vision Service Plan.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

**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 14 – CAPITALIZED LEASE – LESSEE DISCLOSURE**

During fiscal year 2008, the School District entered into a lease-purchase agreement for constructing its new facilities. The terms of the agreement transfers ownership of the building to the School District at the expiration of the lease term. The School District is leasing the project from the Columbus Regional Airport Authority. Columbus Regional Airport Authority deposited \$582,000 with U.S. Bank National Association, who will serve as the fiscal agent for the monies. The School District will utilize the monies held by U.S. Bank National Association to pay for the costs that are beyond those authorized to be funded by the Ohio School Facilities Commission. In turn, the School District will make semi-annual lease payments to U.S. Bank National Association. Interest rates are based on a calculation of the TBMA index. The lease is renewable annually and expires in fiscal year 2018. The intention of the School District is to renew the lease annually and make payments using the general revenues of the School District. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds and on a budgetary basis.

At fiscal year-end, capital assets under this lease have been capitalized as buildings and improvements in the Statement of Net Position for governmental activities. At fiscal year-end, the total amount of the proceeds from the capital lease had been spent toward the construction project. A liability was recorded on the Statement of Net Position for governmental activities in the amount of \$582,000, which is equal to the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2016 totaled \$63,000 and were paid from the General Fund. The lease proceeds were used as part of the overall project; therefore, specific leased assets cannot be identified.

During a prior fiscal year, the School District entered into a lease-purchase agreement for constructing its new athletic complex facilities. The terms of the agreement transfers ownership of the complex to the School District at the expiration of the lease term. The School District is leasing the project site to WesBanco Bank, Inc. and WesBanco Bank, Inc. is in turn subleasing the site and athletic complex project back to the School District. Under the terms of the lease, WesBanco Bank, Inc. will provide the School District with lease-purchase financing proceeds not to exceed \$2.5 million. The School District used these proceeds to pay for the construction of the athletic complex and received proceeds as it incurred expenditures for the project.

The School District will make semi-annual lease payments to WesBanco Bank, Inc. The lease is renewable annually and expires in fiscal year 2026. The intention of the School District is to renew the lease annually and make payments using the general revenues of the School District. Capital lease payments are reflected as debt service expenditures in the basic financial statements for the governmental funds and on a budgetary basis.

During fiscal year 2013, the School District received the remaining amount of the lease proceeds. A liability was recorded on the Statement of Net Position for governmental activities in the amount of \$2,500,000 which is equal to the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2016 totaled \$178,571 and were paid from the Capital Improvement Fund. The lease proceeds were used as part of the overall project; therefore, specific leased assets cannot be identified.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

During fiscal year 2015, the School District entered into a capitalized lease for copiers. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. The copiers acquired by lease were capitalized in the amount of \$48,541, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the Statement of Net Position for governmental activities. Principal payments in fiscal year 2016 totaled \$11,554 and were paid from the Capital Improvement Fund.

The copiers acquired through the capital lease as of June 30, 2016, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Asset:			
Copiers	\$48,541	(\$12,136)	\$36,405
New Facilities	582,000	(153,260)	428,740
Athletic Complex	3,155,307	(457,846)	2,697,461
Totals	\$3,785,848	(\$623,242)	\$3,162,606

The following is a schedule of the future long-term minimum lease payments required under the capital leases for the Columbus Regional Airport Authority for the new facilities and the WesBanco agreement for the Athletic Complex.

Fiscal Year Ending June 30,	New Facilities	Athletic Complex	Copier
2017	\$70,069	\$273,571	\$14,459
2018	70,388	263,571	14,459
2019	0	253,571	0
2020	0	243,571	0
2021	0	233,571	0
2022-2026	0	1,017,862	0
Total	140,457	2,285,717	28,918
Less: Amount Representing Interest	(5,457)	(500,002)	(2,508)
<i>Present Value of Net Minimum Lease Payments</i>	\$135,000	\$1,785,715	\$26,410

**NOTE 15 – LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2016 were as follows:

**Wheelersburg Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2016**

	Amount Outstanding 6/30/15	Additions	Deductions	Amount Outstanding 6/30/16	Amount Due Within One Year
<b>Governmental Activities:</b>					
<b>General Obligation Bonds:</b>					
<b>2005 Classroom Facilities:</b>					
Serial Bonds 3.00 to 5.00%	\$570,000	\$0	\$280,000	\$290,000	\$290,000
Premium on Debt Issue	10,856	0	10,856	0	0
<b>2013 Refunding Bonds:</b>					
Term Bonds 3.00 to 3.375%	4,710,000	0	0	4,710,000	0
Serial Bonds 2.00 to 4.00%	2,130,000	0	45,000	2,085,000	50,000
Premium on Debt Issue	922,361	0	51,048	871,313	0
CAB Bonds 3.19 to 3.44%	90,000	0	0	90,000	0
Accretion on CABs	237,164	54,005	0	291,169	0
<b>Total General Obligation Bonds</b>	<b>8,670,381</b>	<b>54,005</b>	<b>386,904</b>	<b>8,337,482</b>	<b>340,000</b>
<b>Net Pension Liability:</b>					
STRS	13,564,040	1,968,236	0	15,532,276	0
SERS	2,666,459	467,060	0	3,133,519	0
<b>Total Net Pension Liability</b>	<b>16,230,499</b>	<b>2,435,296</b>	<b>0</b>	<b>18,665,795</b>	<b>0</b>
Capital Leases - New Facilities	198,000	0	63,000	135,000	66,000
Capital Lease - Athletic Complex	1,964,286	0	178,571	1,785,715	178,571
Capital Lease - Copiers	37,964	0	11,554	26,410	12,622
Compensated Absences	746,518	157,488	55,900	848,106	80,990
<b>Total Governmental Activities</b>	<b>27,847,648</b>	<b>2,646,789</b>	<b>695,929</b>	<b>29,798,508</b>	<b>678,183</b>
<i>Long-Term Obligations</i>	<u><u>\$27,847,648</u></u>	<u><u>\$2,646,789</u></u>	<u><u>\$695,929</u></u>	<u><u>\$29,798,508</u></u>	<u><u>\$678,183</u></u>

*2005 Classroom Facilities General Obligation Bonds* – On March 15, 2005, the School District issued \$9,968,000 in voted general obligation bonds for the purpose of retiring the Classroom Facilities Bond Anticipation Notes issued December 28, 2004, for the purpose of constructing new educational facilities. The bonds were issued in an aggregate principal amount of \$9,968,000. The bonds were issued for a 27 year period with final maturity in December 2032. On July 25, 2012, the School District refunded the \$2,805,000 of the term bonds and refunded a portion, \$4,270,000, of the serial bonds. The serial bonds that were not refunded will be retired from the Bond Retirement Fund. At June 30, 2016, all of the refunded bonds were paid off. Assets are being held in escrow to retire these bonds at maturity.

The remaining serial bonds issued at \$1,100,000, with maturity dates of December 1, 2013, to December 1, 2016, are subject to optional redemption, in whole or in part on any date at the option of the issuer on or after June 1, 2015, at the redemption price of 100 percent.

*2013 Classroom Facilities Refunding Bonds* - On July, 25, 2012, the School District issued \$7,075,000 in general obligation bonds for the purpose of advance refunding a portion of the 2005 Classroom Facilities General Obligation Serial and Term Bonds. The bonds were issued for a 21 year period with final maturity in December 2032. The bonds will be retired from the Bond Retirement Fund.

The difference between the amount of the refunding bond issue and the total of the outstanding principal of the debt issue refunded was used to pay for issuance costs, interest due at the time of refunding, and the amount paid to the escrow agent above the principal outstanding. The refunding resulted in a difference of \$786,646 between the net carrying amount of the old bonded debt and the acquisition price. This difference, reported in the accompanying financial statements as a deferred outflow, is being amortized to interest expense over the life of the bonds using the straight-line method. The unamortized amount of the

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

deferred outflow at June 30, 2016, was \$639,810. Total debt service payments decreased by \$398,176 as a result of the refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$426,652.

The term bonds issued at \$4,710,000 and maturing on December 1, 2032, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

Fiscal Year Ending June 30,	Amount
2026	\$495,000
2027	530,000
2028	550,000
2029	570,000
2030	610,000
2031	630,000
2032	650,000
2033	675,000
<i>Total</i>	<u><u>\$4,710,000</u></u>

The serial bonds issued at \$2,275,000, with maturity dates of December 1, 2012, to December 1, 2021, are subject to optional redemption, in whole or in part on any date at the option of the issuer on or after June 1, 2022, at the redemption price of 100 percent.

The capital appreciation bonds of the 2013 Classroom Facilities General Obligation Refunding Bonds, issued at \$90,000, are not subject to redemption prior to maturity. The capital appreciation bonds will mature in fiscal years 2023, 2024, and 2025 in the amounts of \$475,000, \$495,000, and \$490,000, respectively. Accretion on the capital appreciation bonds for fiscal year 2016 was \$54,005.

The School District pays obligations related to employee compensation from the fund benefitting from their service. Capital leases were paid from the General Fund except for the copier leases and the WesBanco agreement for the Athletic Complex, which were paid from the Capital Improvement Fund. Compensated absences will be paid from the General Fund. For additional information related to the net pension liability see note 11.

The School District's overall legal debt margin was \$7,941,290 with an unvoted debt margin of \$158,901 at June 30, 2016.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2016, are as follows:

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

2005 Classroom Facilities General Obligation Bonds and  
2013 Classroom Facilities Refunding General Obligations Bonds

Fiscal Year Ending June 30,	Serial/Term Bonds Principal	Serial/Term Bonds Interest	Capital Appreciation Bond Principal	Capital Appreciation Bond Interest	Total
2017	\$340,000	\$224,682	\$0	\$0	\$564,682
2018	370,000	212,832	0	0	582,832
2019	385,000	201,507	0	0	586,507
2020	400,000	189,732	0	0	589,732
2021	430,000	175,132	0	0	605,132
2022-2026	945,000	2,114,223	90,000	1,370,000	4,519,223
2027-2031	2,890,000	456,139	0	0	3,346,139
2032-2033	1,325,000	45,142	0	0	1,370,142
<i>Totals</i>	<u>\$7,085,000</u>	<u>\$3,619,389</u>	<u>\$90,000</u>	<u>\$1,370,000</u>	<u>\$12,164,389</u>

**NOTE 16 – INTERFUND ACTIVITY**

Transfers made during the fiscal year ended June 30, 2016, were as follows:

		Transfers From		
		General Fund	Nonmajor Funds	Total
<b>Transfers</b>	<b>To</b>			
	Nonmajor Governmental Funds	<u>\$13,000</u>	<u>\$25,000</u>	<u>\$38,000</u>

General Fund transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. Transfers were made from the General Fund to the Nonmajor Governmental Funds for the purpose of purchasing instructional equipment. Transfers made from one Nonmajor Governmental Fund to another Nonmajor Governmental Fund were for the purpose of funding extracurricular activities.

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

*South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG)*

The School District is a participant in the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG), which is organized under ORC Code Chapter 167 as a council of governments. SCOCARCoG is an association of public school districts within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCARCoG consists of two representatives from each county in the



***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

SCOCARCoG service region designated by the Ohio Department of Education and two representatives of the school treasurers. The Board exercises total control over the operations of SCOCARCoG including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board.

During fiscal year 2016, SCOCARCoG entered into a merger agreement with Metropolitan Educational Technology Association ("META"). Pursuant to an addendum to the agreement, certain liabilities will remain the sole responsibility of SCOCARCoG, and once these remaining liabilities are satisfied, SCOCARCoG will be dissolved and the member districts will become members of META. SCOCARCoG entered into a subcontract agreement with META to provide services to SCOCARCoG, and on behalf of SCOCARCoG, to the member districts. Consistent with the merger agreement and updated bylaws, SCOCARCoG is currently governed by a four person executive governing board. The School District paid SCOCARCoG \$25,296 for services provided during the fiscal year.

*Metropolitan Educational Technology Association*

META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META \$7,675 for services provided during the fiscal year. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

*Southern Ohio Academy*

The School District is a participant in the Southern Ohio Academy, a jointly governed, non-profit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades seven through twelve. The Academy operates under the direction of a nine-member Board of Directors. The Board membership consists of superintendents from Bloom Vernon, Clay, New Boston, Green, Manchester, Minford, New Boston, Northwest, Oak Hill, Valley, Washington Nile, and Wheelersburg school districts. Because ORC requires an odd number of members, the Board has determined that Board membership will rotate annually with one school district not being represented each year. The Academy was formed to offer students a non-traditional approach for reaching educational goals and to enhance and facilitate student learning among nontraditional student populations while utilizing a variety of innovative resources and educational strategies, which are customized to meet the needs of individual students. The Board exercises total control over the operations of the Academy including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Financial information can be obtained from Andrew T. Riehl, fiscal agent for the Southern Ohio Academy, at the South Central Ohio Educational Service Center, 522 Glenwood Avenue, New Boston, Ohio 45662, or by calling 740-354-0234.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

**Insurance Purchasing Pools**

*Ohio School Plan*

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Shuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Shuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

*Ohio SchoolComp Group Retrospective Rating Program*

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

**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.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

**NOTE 18 – SET-ASIDE CALCULATIONS**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the 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 identifies the change in the fiscal year-end set-aside amounts for capital acquisitions. Disclosure of this information is required by State statute.

	Capital Acquisitions
Set-aside Balance as of June 30, 2015	\$0
Current Fiscal Year Set-aside Requirement	268,056
Current Fiscal Year Offsets	(332,691)
Qualifying Disbursements	(120,610)
<i>Totals</i>	(\$185,245)
<i>Set-aside Balance as of June 30, 2016</i>	\$0

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

**NOTE 19 – CONTINGENCIES**

**Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2016, if applicable, cannot be determined at this time.

**School Foundation**

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for fiscal year 2015, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the school district; therefore, the financial statement impact is not determinable at this time. ODE and management believe this may result in either a receivable to or a liability of the School District.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

---

**Pension Changes Between Measurement Date and Report Date**

In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant changes is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Schools District's net pension liability is expected to be significant.

**Litigation**

The School District is not a party to any legal proceeding as of June 30, 2016.

**NOTE 20 – SIGNIFICANT COMMITMENTS**

**Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$290,706
Nonmajor Governmental Funds	100,212
Total	<u><u>\$390,918</u></u>

**NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 2016, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 72. GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the School District's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

Wheelersburg Local School District

Required Supplementary Information

***Wheelersburg Local School District***  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**School Employees Retirement System of Ohio**  
**Last Three Fiscal Years (1) \***

	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.05491530%	0.05268700%	0.05268700%
School District's Proportionate Share of the Net Pension Liability	\$3,133,519	\$2,666,459	\$3,133,127
School District's Covered-Employee Payroll	\$1,629,257	\$1,530,977	\$1,472,107
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	192.33%	174.17%	212.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

\* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

***Wheelersburg Local School District***  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**State Teachers Retirement System of Ohio**  
**Last Three Fiscal Years (1)**

	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.05620087%	0.05576526%	0.05576526%
School District's Proportionate Share of the Net Pension Liability	\$15,532,276	\$13,564,040	\$16,157,397
School District's Covered-Employee Payroll	\$5,863,971	\$5,728,923	\$5,799,854
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	236.76%	236.76%	278.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

\* Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

***Wheelersburg Local School District***  
 Required Supplementary Information  
 Schedule of School District Contributions  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$259,978	\$214,736	\$212,193	\$203,740
Contributions in Relation to the Contractually Required Contribution	<u>(259,978)</u>	<u>(214,736)</u>	<u>(212,193)</u>	<u>(203,740)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$1,856,986	\$1,629,257	\$1,530,977	\$1,472,107
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%



<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$117,174	\$179,193	\$238,931	\$155,307	\$132,184	\$147,257
<u>(117,174)</u>	<u>(179,193)</u>	<u>(238,931)</u>	<u>(155,307)</u>	<u>(132,184)</u>	<u>(147,257)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$871,181	\$1,425,563	\$1,764,632	\$1,578,328	\$1,346,070	\$1,378,811
13.45%	12.57%	13.54%	9.84%	9.82%	10.68%

***Wheelersburg Local School District***  
**Required Supplementary Information**  
**Schedule of School District Contributions**  
**State Teachers Retirement System of Ohio**  
**Last Ten Fiscal Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$865,655	\$820,956	\$744,760	\$753,981
Contributions in Relation to the Contractually Required Contribution	<u>(865,655)</u>	<u>(820,956)</u>	<u>(744,760)</u>	<u>(753,981)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$6,183,250	\$5,863,971	\$5,728,923	\$5,799,854
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$750,091	\$778,672	\$774,249	\$735,830	\$687,524	\$670,273
<u>(750,091)</u>	<u>(778,672)</u>	<u>(774,249)</u>	<u>(735,830)</u>	<u>(687,524)</u>	<u>(670,273)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,769,931	\$5,989,785	\$5,955,762	\$5,660,231	\$5,288,646	\$5,155,946
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**WHEELERSBURG LOCAL SCHOOL DISTRICT**  
 Schedule of Federal Awards Receipts and Expenditures  
 For the Fiscal Year Ended June 30, 2016

Federal Grantor / Pass Through Grantor / Program Title	Grant Year	Federal CFDA Number	Passed through to Subrecipient	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
<b>U.S. Department of Agriculture</b>							
<i>Passed Through Ohio Department of Education:</i>							
<i>Nutrition Cluster:</i>							
School Breakfast Program	2015/2016	10.553	\$0	\$98,968	\$0	\$98,968	\$0
National School Lunch Program	2015/2016	10.555	0	222,102	34,497	222,102	34,497
<i>Total Nutrition Cluster</i>			0	321,070	34,497	321,070	34,497
<b>Total U.S. Department of Agriculture</b>			0	321,070	34,497	321,070	34,497
<b>U.S. Department of Education</b>							
<i>Passed Through Ohio Department of Education:</i>							
<i>Title I Cluster:</i>							
Title I Grants to Local Educational Agencies	2015	84.010	0	16,916	0	48,533	0
Title I Grants to Local Educational Agencies	2016	84.010	0	359,208	0	341,435	0
<i>Total Title I Cluster</i>			0	376,124	0	389,968	0
<i>Special Education Cluster:</i>							
Special Education - Grants to States (IDEA Part B)	2015	84.027	0	12,127	0	13,494	0
Special Education - Grants to States (IDEA Part B)	2016	84.027	0	254,135	0	250,211	0
<i>Total Special Education Cluster</i>			0	266,262	0	263,705	0
Improving Teacher Quality	2015	84.367	0	4,206	0	7,938	0
Improving Teacher Quality	2016	84.367	0	62,139	0	60,626	0
<i>Total Improving Teacher Quality</i>				66,345		68,564	
Rural Education	2016	84.358	0	24,691	0	24,691	0
<i>Total Rural Education</i>			0	24,691	0	24,691	0
<b>Total U.S. Department of Education</b>			0	671,283	0	746,928	0
<b>Total Federal Financial Assistance</b>			\$0	\$992,353	\$34,497	\$1,067,998	\$34,497

**WHEELERSBURG LOCAL SCHOOL DISTRICT**  
*Notes to the Schedule of Federal Awards Receipts and Expenditures*  
For the Fiscal Year Ended June 30, 2016

---

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Wheelersburg Local School District's (the School District) under programs of the federal government for the fiscal year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements for Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School District.

**NOTE B - SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

**NOTE C - 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 D – FOOD DONATION PROGRAM**

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

**Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Required by  
Government Auditing Standards**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wheelersburg Local School District (the School District), Scioto County, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 17, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of supporting our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Education  
Wheelersburg Local School District  
Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based Required by  
*Government Auditing Standards*

**Compliance and Other Matters**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

January 17, 2017

**Independent Auditor's Report on Compliance with Requirements Applicable for Each Major Program  
and on Internal Control over Compliance Required by Uniform Guidance**

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

**Report on Compliance for Each Major Federal Program**

We have audited the Wheelersburg Local School District (the School District), Scioto County, compliance with the types of applicable requirements described in the U.S. Office of Management and Budget (OMB), *Compliance Supplement* that could directly and materially affect the School District's major federal programs for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

***Management's Responsibility***

The School District's Management is responsible for complying with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

***Auditor's Responsibility***

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the School District's major federal program. However, our audit does not provide a legal determination of the School District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School District complied, in all material aspects, with the compliance requirements referred to above that could directly and materially affect its major federal program identified in the *Summary of Auditor's Results* in the accompanying schedule of findings for the year ended June 30, 2016.



Wheelersburg Local School District  
Independent Auditor's Report on Compliance with Requirements Applicable  
For Each Major Program and Report on Internal Control over Compliance  
Required by Uniform Guidance

**Report on Internal Control over Compliance**

Management of Wheelersburg Local School District is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the applicable requirements that could have a direct and material effect on the major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with an applicable compliance requirement of a federal program on a timely basis. *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's compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with an applicable compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be a material weakness or significant deficiency. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

January 17, 2017

**WHEELERSBURG LOCAL SCHOOL DISTRICT**

*Schedule of Findings*

*For the Fiscal Year Ended June 30, 2016*

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

1.	<i>Type of Financial Statement Opinion</i>	Unmodified
2.	<i>Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</i>	No
3.	<i>Were there any other significant internal control deficiency reported at the financial statement level (GAGAS)?</i>	No
4.	<i>Was there any material noncompliance reported at the financial statement level (GAGAS)?</i>	No
5.	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
6.	<i>Were there any other significant internal control deficiency reported for major federal programs?</i>	No
7.	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
8.	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
9.	<i>Major Programs (list):</i>	CFDA # 10.553/10.555 Nutrition Cluster
10.	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: All Other Programs
11.	<i>Low Risk Auditee under 2 CFR §200.520?</i>	Yes

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

**C. FINDINGS FOR FEDERAL AWARDS**

There were no findings related to Federal Awards to be reported.



# Dave Yost • Auditor of State

**WHEELERSBURG LOCAL SCHOOL DISTRICT**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 28, 2017**