



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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

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

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

As described in Note 18, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2012, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Dave Yost
Auditor of State

March 13, 2012

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

As management of the Washington-Nile Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2011. We encourage readers to consider the information presented here in conjunction with the basic financial statements and additional information that we have provided in the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- In total, net assets of governmental activities increased \$117,119 from the prior fiscal year.
- General revenues accounted for \$12,306,267. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$5,513,949 of total revenues of \$17,820,216.
- The School District had \$17,703,097 in expenses related to governmental activities; only \$5,513,949 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest. General revenues (primarily grants, entitlements and property taxes) of \$12,306,267 were adequate to provide for these programs.

Using the Basic Financial Statements

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Washington-Nile Local School District as a financial whole, an entire operating entity.

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2011?"

The Statement of Net Assets and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

Fiduciary Funds - The School District's fiduciary funds are a private purpose trust fund and an agency fund. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

The School District as a Whole

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

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

(Table 1)
Net Assets
Governmental Activities

| | 2011 | 2010 | Increase/ (Decrease) |
|---|---------------------|---------------------|-------------------------|
| <u>Assets:</u> | | | |
| Current Assets | \$10,262,260 | \$20,027,057 | (\$9,764,797) |
| Capital Assets, Net | 37,350,272 | 26,947,023 | 10,403,249 |
| Total Assets | 47,612,532 | 46,974,080 | 638,452 |
| <u>Liabilities:</u> | | | |
| Other Liabilities | 4,392,246 | 3,622,238 | 770,008 |
| Long-Term Liabilities | 1,170,233 | 1,418,908 | (248,675) |
| Total Liabilities | 5,562,479 | 5,041,146 | 521,333 |
| <u>Net Assets:</u> | | | |
| Invested in Capital Assets, Net of Related Debt | 36,808,925 | 26,187,575 | 10,621,350 |
| Restricted | 4,140,597 | 14,399,485 | (10,258,888) |
| Unrestricted | 1,100,531 | 1,345,874 | (245,343) |
| Total Net Assets | \$42,050,053 | \$41,932,934 | \$117,119 |

Total Assets increased \$638,452. Current Assets demonstrated a significant decrease of \$9,764,797 as a result of the School District receiving and utilizing monies awarded by the Ohio School Facilities Commission for the construction of a new middle school facility. Capital Assets, Net increased as a result of the continued progress made in relation to the construction of the new middle school facility.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

Total Liabilities increased \$521,333 when compared to the prior fiscal year. Other Liabilities reflected a significant increase as a result of an increase in Contracts and Retainage Payable. In fiscal year 2011, a liability was accrued for work completed on the construction of the new middle school facility. Long-Term Liabilities decreased as a result of the School District making annual debt service payments on its outstanding bonds and capital lease.

Invested in Capital Assets, Net of Related Debt for governmental activities increased \$10,621,350 as a result of the School District's continued progress on the construction of its new middle school facility. Restricted Net Assets decreased \$10,258,888 as a result of the School District receiving and utilizing monies awarded by the Ohio School Facilities Commission for the construction of a new middle school facility. Unrestricted Net Assets for governmental activities decreased \$245,343 resulting primarily from transfers to Restricted Net Assets to help fund the middle school construction project and to make annual debt service payments.

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

(Table 2)
Change in Net Assets
Governmental Activities

| | 2011 | 2010 | Increase/ (Decrease) |
|--|---------------------|---------------------|-------------------------|
| <u>Revenues:</u> | | | |
| Program Revenues: | | | |
| Charges for Services and Sales | \$1,646,064 | \$1,643,616 | \$2,448 |
| Operating Grants, Contributions and Interest | 3,867,885 | 3,280,761 | 587,124 |
| <i>Total Program Revenues</i> | <u>5,513,949</u> | <u>4,924,377</u> | <u>589,572</u> |
| General Revenues: | | | |
| Property Taxes | 1,575,310 | 1,562,539 | 12,771 |
| Grants and Entitlements not | | | |
| Restricted to Specific Programs | 10,516,513 | 9,556,222 | 960,291 |
| Gain on Sale of Capital Assets | 1,596 | 0 | 1,596 |
| Investment Earnings | 78,344 | 98,330 | (19,986) |
| Miscellaneous | 134,504 | 121,955 | 12,549 |
| <i>Total General Revenues</i> | <u>12,306,267</u> | <u>11,339,046</u> | <u>967,221</u> |
| <i>Total Revenues</i> | <u>\$17,820,216</u> | <u>\$16,263,423</u> | <u>\$1,556,793</u> |

(continued)

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

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

| | 2011 | 2010 | Increase/ (Decrease) |
|---|---------------------|---------------------|-------------------------|
| <i>Program Expenses:</i> | | | |
| Instruction: | | | |
| Regular | \$6,728,127 | \$6,753,734 | (\$25,607) |
| Special | 2,407,170 | 2,188,713 | 218,457 |
| Vocational | 111,871 | 104,790 | 7,081 |
| Student Intervention Services | 176,596 | 153,650 | 22,946 |
| Support Services: | | | |
| Pupils | 864,203 | 852,597 | 11,606 |
| Instructional Staff | 905,930 | 972,596 | (66,666) |
| Board of Education | 111,224 | 80,460 | 30,764 |
| Administration | 1,181,902 | 1,131,814 | 50,088 |
| Fiscal | 314,068 | 314,844 | (776) |
| Operation and Maintenance of Plant | 2,428,257 | 2,068,645 | 359,612 |
| Pupil Transportation | 1,049,974 | 980,563 | 69,411 |
| Operation of Non-Instructional Services | 847,293 | 839,871 | 7,422 |
| Extracurricular Activities | 433,841 | 420,664 | 13,177 |
| Interest and Fiscal Charges | 142,641 | 95,548 | 47,093 |
| <i>Total Expenses</i> | <u>17,703,097</u> | <u>16,958,489</u> | <u>744,608</u> |
| <i>Change in Net Assets</i> | 117,119 | (695,066) | 812,185 |
| <i>Net Assets at Beginning of Year - Restated</i> | <u>41,932,934</u> | <u>42,628,000</u> | <u>(695,066)</u> |
| <i>Net Assets at End of Year</i> | <u>\$42,050,053</u> | <u>\$41,932,934</u> | <u>\$117,119</u> |

Governmental Activities

Program revenues, which are primarily represented by tuition and fees, charges for extracurricular activities, food service sales, and restricted intergovernmental revenues, were \$5,513,949 of total revenues for fiscal year 2011 and varied significantly from fiscal year 2010. This was the result of the School District receiving additional grants through the American Recovery and Reinvestment Act.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

As stated previously, general revenues represent \$12,306,267 of the School District's total revenues, and increased slightly when compared to the prior fiscal year. Property Taxes increased \$12,771, which is insignificant. Grants and Entitlements not Restricted to Specific Programs made up \$10,516,513 of the balance of the School District's general revenues. Such revenues increased for fiscal year 2011 as a result of receiving additional grants through the American Recovery and Reinvestment Act. Investment earnings decreased \$19,986 when compared to the prior fiscal year as a result of the School District utilizing its monies to make payments relating to the construction project existing from prior fiscal years instead of having the monies invested during the fiscal year. Other revenue sources, such as miscellaneous revenue, are insignificant and somewhat unpredictable revenue sources.

The major program expense for governmental activities, as expected, is for instruction, which accounts for \$9,423,764 of all governmental expenses. The instruction category, however, does not include all activities associated with educating students as the pupils, instructional staff, and pupil transportation costs have a significant role in delivering education. However, a comparison to the prior fiscal year demonstrates insignificant changes in most areas of expenses except for special instruction and operation and maintenance of plant. Special Instruction demonstrated a significant increase as a result of moving teachers from regular instruction to special instruction stemming from increased funding for special instruction programs. Operation and Maintenance of Plant increased \$359,612, a result of non-capitalized expenses related to the construction of the new middle school facility.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$25,024,427 and expenditures of \$28,354,151. The net change in fund balance for the fiscal year was most significant in the Ohio School Facilities Commission Capital Projects Fund, a decrease of \$3,202,570. This decrease was due to construction for the new middle school project.

The net change in fund balance for the fiscal year in the General Fund was a decrease of \$323,318. A comparison to the prior fiscal year demonstrates increases in all but two expenditure lines, with the largest increases occurring in the Special Instruction and Pupil Transportation lines. Special instruction increased due to the moving of teachers from regular instruction to special instruction. Pupil transportation increased due to increased cost associated with the operating the buses.

General Fund – Budget Highlight

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

Unaudited

During fiscal year 2011, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund's original and final budgeted amounts is listed on page 16, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, final estimated revenues were \$12,226,696, with original estimated revenues of \$12,302,800, an insignificant decrease of \$76,104.

Final estimated expenditures were \$12,544,901, with original estimated expenditures of \$12,904,203. The largest savings were realized in the Regular Instruction and Support Services – Operation and Maintenance of Plant. The decrease in the Regular Instruction function was the result of the School District paying for an instructor from ARRA funding during fiscal year 2011, which was accounted for in a different fund along with the retirement of several teachers. The decrease in Support Services – Operation and Maintenance of Plant was the result of utility billings being estimated higher at the beginning of the fiscal year, as well as the School District making efforts to scale down on preventative maintenance and only expend monies when needed.

Capital Assets

At the end of fiscal year 2011, the School District had \$37,350,272 invested in capital assets (net of accumulated depreciation), an increase of \$10,403,249 from the prior fiscal year. This increase occurred due to continued work being performed on the School District's Ohio School Facilities Commission project. For additional information regarding the School District's capital assets, refer to Note 8 in the basic financial statements.

Debt

At June 30, 2011, the School District had \$500,000 in serial bonds outstanding, none of which is due within one year. The School District had capital appreciation bonds outstanding of \$67,507, of which \$35,955 is due within one year. The School District also had accretion on capital appreciation bonds of \$249,002, an outstanding premium of \$4,413 and a deferred loss on the early retirement of debt of \$17,183, all of which is due within more than one year. For further information regarding the School District's long-term obligations, refer to Note 14 in the basic financial statements

Contacting the School District's Financial Management

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

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WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| <u>Assets:</u> | |
| Equity in Pooled Cash and Cash Equivalents | \$5,640,418 |
| Cash and Cash Equivalents | 938,483 |
| Investments | 366,555 |
| Materials and Supplies Inventory | 51,390 |
| Inventory Held for Resale | 12,882 |
| Accrued Interest Receivable | 24,099 |
| Accounts Receivable | 5,397 |
| Intergovernmental Receivable | 1,277,725 |
| Prepaid Items | 16,530 |
| Property Taxes Receivable | 1,915,391 |
| Deferred Charges | 13,390 |
| Capital Assets: | |
| Land and Construction in Progress | 14,826,883 |
| Depreciable Capital Assets, Net | <u>22,523,389</u> |
| <i>Total Assets</i> | <u>47,612,532</u> |
| <u>Liabilities:</u> | |
| Accounts Payable | 133,824 |
| Contracts Payable | 981,473 |
| Accrued Wages and Benefits Payable | 1,261,902 |
| Intergovernmental Payable | 334,183 |
| Retainage Payable | 240,584 |
| Deferred Revenue | 1,420,909 |
| Accrued Interest Payable | 19,371 |
| Long-Term Liabilities: | |
| Due Within One Year | 129,382 |
| Due in More Than One Year | <u>1,040,851</u> |
| <i>Total Liabilities</i> | <u>5,562,479</u> |
| <u>Net Assets:</u> | |
| Invested in Capital Assets, Net of Related Debt | 36,808,925 |
| Restricted for Debt Service | 610,423 |
| Restricted for Capital Projects | 2,139,664 |
| Restricted for Other Purposes | 1,253,613 |
| Restricted for Set-Asides | 136,897 |
| Unrestricted | <u>1,100,531</u> |
| <i>Total Net Assets</i> | <u><u>\$42,050,053</u></u> |

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2011

| | | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets |
|---|---------------------|--------------------|--|---|
| | | Charges for | Operating Grants, Contributions and Interest | Total |
| | Expenses | Services and Sales | | Governmental Activities |
| <u>Governmental Activities:</u> | | | | |
| Instruction: | | | | |
| Regular | \$6,728,127 | \$1,068,735 | \$ 720,619 | (\$4,938,773) |
| Special | 2,407,170 | 0 | 2,091,319 | (315,851) |
| Vocational | 111,871 | 0 | 11,639 | (100,232) |
| Student Intervention Services | 176,596 | 0 | 127,448 | (49,148) |
| Support Services: | | | | |
| Pupils | 864,203 | 0 | 56,445 | (807,758) |
| Instructional Staff | 905,930 | 0 | 278,106 | (627,824) |
| Board of Education | 111,224 | 0 | 0 | (111,224) |
| Administration | 1,181,902 | 0 | 51,276 | (1,130,626) |
| Fiscal | 314,068 | 0 | 0 | (314,068) |
| Operation and Maintenance of Plant | 2,428,257 | 0 | 0 | (2,428,257) |
| Pupil Transportation | 1,049,974 | 17,516 | 39,826 | (992,632) |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 773,575 | 288,841 | 491,207 | 6,473 |
| Other | 73,718 | 0 | 0 | (73,718) |
| Extracurricular Activities | 433,841 | 270,972 | 0 | (162,869) |
| Interest and Fiscal Charges | 142,641 | 0 | 0 | (142,641) |
| Total Governmental Activities | \$17,703,097 | \$1,646,064 | \$3,867,885 | (12,189,148) |
| <u>General Revenues:</u> | | | | |
| Property Taxes Levied for: | | | | |
| | | | | 1,378,050 |
| | | | | 22,151 |
| | | | | 175,109 |
| Grants and Entitlements not | | | | |
| | | | | 10,516,513 |
| | | | | 1,596 |
| | | | | 78,344 |
| | | | | 134,504 |
| Total General Revenues | | | | 12,306,267 |
| Change in Net Assets | | | | 117,119 |
| Net Assets at Beginning of Year - Restated (See Note 18) | | | | 41,932,934 |
| Net Assets at End of Year | | | | \$42,050,053 |

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2011

| | General | Ohio School Facilities Commission | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|---|--------------------------------|--------------------------------|
| <u>Assets:</u> | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$2,564,300 | \$1,506,669 | \$1,432,552 | \$5,503,521 |
| Cash and Cash Equivalents | 0 | 900,000 | 38,483 | 938,483 |
| Investments | 0 | 320,607 | 45,948 | 366,555 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 136,897 | 0 | 0 | 136,897 |
| Receivables: | | | | |
| Property Taxes | 1,667,702 | 0 | 247,689 | 1,915,391 |
| Accounts | 2,586 | 0 | 2,811 | 5,397 |
| Intergovernmental | 20,210 | 404,786 | 852,729 | 1,277,725 |
| Accrued Interest | 15,199 | 8,900 | 0 | 24,099 |
| Prepaid Items | 16,380 | 0 | 150 | 16,530 |
| Materials and Supplies Inventory | 49,713 | 0 | 1,677 | 51,390 |
| Inventory Held for Resale | 0 | 0 | 12,882 | 12,882 |
| <i>Total Assets</i> | <u>\$4,472,987</u> | <u>\$3,140,962</u> | <u>\$2,634,921</u> | <u>\$10,248,870</u> |
| <u>Liabilities and Fund Balances:</u> | | | | |
| <u>Liabilities:</u> | | | | |
| Accounts Payable | \$76,376 | \$46,224 | \$11,224 | \$133,824 |
| Contracts Payable | 0 | 981,473 | 0 | 981,473 |
| Accrued Wages and Benefits Payable | 1,028,739 | 0 | 233,163 | 1,261,902 |
| Intergovernmental Payable | 277,439 | 0 | 56,744 | 334,183 |
| Retainage Payable | 0 | 240,584 | 0 | 240,584 |
| Deferred Revenue | 1,574,750 | 405,721 | 910,676 | 2,891,147 |
| <i>Total Liabilities</i> | <u>2,957,304</u> | <u>1,674,002</u> | <u>1,211,807</u> | <u>5,843,113</u> |
| <u>Fund Balances:</u> | | | | |
| Nonspendable | 66,093 | 0 | 14,709 | 80,802 |
| Restricted | 136,897 | 1,466,960 | 1,183,810 | 2,787,667 |
| Committed | 208,342 | 0 | 0 | 208,342 |
| Assigned | 220,323 | 0 | 228,500 | 448,823 |
| Unassigned | 884,028 | 0 | (3,905) | 880,123 |
| <i>Total Fund Balances</i> | <u>1,515,683</u> | <u>1,466,960</u> | <u>1,423,114</u> | <u>4,405,757</u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$4,472,987</u> | <u>\$3,140,962</u> | <u>\$2,634,921</u> | <u>\$10,248,870</u> |

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2011

Total Governmental Fund Balances \$4,405,757

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

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

| | | |
|--------------------------|--------------|------------|
| Land | 1,852,309 | |
| Construction in progress | 12,974,574 | |
| Other capital assets | 35,527,792 | |
| Accumulated depreciation | (13,004,403) | |
| Total capital assets | | 37,350,272 |

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

| | | |
|-----------------------------|-----------|-----------|
| Delinquent property taxes | 357,428 | |
| Intergovernmental | 1,084,829 | |
| Investment earnings | 14,170 | |
| Customer sales and services | 13,811 | |
| | | 1,470,238 |

Bond issuance costs reported as an expenditure in governmental funds are recognized as an asset and allocated as an expense over the life of the debt on a full accrual basis. 13,390

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

| | | |
|---------------------------|-----------|-------------|
| Bonds and loans payable | (567,507) | |
| Loss on Refunding | 17,183 | |
| Accretion on bonds | (249,002) | |
| Premium on debt issue | (4,413) | |
| Accrued interest on bonds | (19,371) | |
| Compensated absences | (366,494) | |
| Total liabilities | | (1,189,604) |

Net Assets of Governmental Activities \$42,050,053

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

| | General | Ohio School Facilities Commission | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|---|--------------------------------|--------------------------------|
| <u>Revenues:</u> | | | | |
| Property Taxes | \$1,339,236 | \$0 | \$198,364 | \$1,537,600 |
| Intergovernmental | 9,592,884 | 8,690,447 | 3,312,750 | 21,596,081 |
| Investment Earnings | 81,929 | 41,142 | 340 | 123,411 |
| Decrease in Fair Value of Investments | (9,805) | 0 | 0 | (9,805) |
| Tuition and Fees | 1,076,396 | 0 | 0 | 1,076,396 |
| Extracurricular Activities | 20,784 | 0 | 255,319 | 276,103 |
| Customer Sales and Services | 14,711 | 0 | 289,237 | 303,948 |
| Miscellaneous | 94,940 | 50 | 25,703 | 120,693 |
| Total Revenues | 12,211,075 | 8,731,639 | 4,081,713 | 25,024,427 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 6,187,189 | 0 | 296,181 | 6,483,370 |
| Special | 1,313,978 | 0 | 1,017,021 | 2,330,999 |
| Vocational | 105,249 | 0 | 0 | 105,249 |
| Student Intervention Services | 53,897 | 0 | 122,699 | 176,596 |
| Support Services: | | | | |
| Pupils | 753,181 | 0 | 81,955 | 835,136 |
| Instructional Staff | 484,997 | 0 | 393,102 | 878,099 |
| Board of Education | 111,224 | 0 | 0 | 111,224 |
| Administration | 1,089,441 | 0 | 56,078 | 1,145,519 |
| Fiscal | 304,182 | 0 | 0 | 304,182 |
| Operation and Maintenance of Plant | 923,847 | 35,715 | 622,254 | 1,581,816 |
| Pupil Transportation | 823,277 | 0 | 105,248 | 928,525 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 0 | 0 | 773,575 | 773,575 |
| Extracurricular Activities | 149,490 | 0 | 205,847 | 355,337 |
| Capital Outlay | 1,633 | 11,919,564 | 63,259 | 11,984,456 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 222,249 | 222,249 |
| Interest and Fiscal Charges | 0 | 0 | 137,819 | 137,819 |
| Total Expenditures | 12,301,585 | 11,955,279 | 4,097,287 | 28,354,151 |
| Excess of Revenues Under Expenditures | (90,510) | (3,223,640) | (15,574) | (3,329,724) |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Proceeds from Sale of Capital Assets | 3,206 | 0 | 0 | 3,206 |
| Transfers In | 0 | 21,070 | 214,944 | 236,014 |
| Transfers Out | (236,014) | 0 | 0 | (236,014) |
| Total Other Financing Sources (Uses) | (232,808) | 21,070 | 214,944 | 3,206 |
| Net Change in Fund Balances | (323,318) | (3,202,570) | 199,370 | (3,326,518) |
| Fund Balances at Beginning of Year - Restated (See Note 18) | 1,839,001 | 4,669,530 | 1,223,744 | 7,732,275 |
| Fund Balances at End of Year | \$1,515,683 | \$1,466,960 | \$1,423,114 | \$4,405,757 |

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds (\$3,326,518)

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

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

| | | |
|--|------------|------------|
| Capital assets additions | 147,279 | |
| Construction in progress additions | 11,052,691 | |
| Depreciation expense | (795,111) | |
| Excess of capital outlay over depreciation expense | | 10,404,859 |

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

| | | |
|--|---------|---------|
| Proceeds from the sale of capital assets | (3,206) | |
| Gain on sale of capital assets | 1,596 | |
| | | (1,610) |

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

| | | |
|-----------------------------|-------------|-------------|
| Delinquent property taxes | 37,710 | |
| Intergovernmental | (7,211,683) | |
| Investment earnings | (35,262) | |
| Tuition and fees | (4,856) | |
| Extracurricular activities | (5,131) | |
| Customer sales and services | (396) | |
| Miscellaneous | 13,811 | |
| | | (7,205,807) |

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

| | | |
|---|---------|---------|
| Amortization of bond issuance costs | (2,233) | |
| Amortization of bond premium | 9,335 | |
| Amortization of deferred loss on early retirement | (8,591) | |
| Increase in accrued interest payable | (247) | |
| Accretion on bonds | (3,086) | |
| | | (4,822) |

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

| | | |
|--------------------------------|---------|---------|
| Loan principal retirement | 2,659 | |
| Bond payments | 42,435 | |
| Capital lease payments | 177,155 | |
| Total long-term debt repayment | | 222,249 |

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

| | | |
|--|--------|--|
| Decrease in compensated absences payable | 28,768 | |
| | | |

Change in Net Assets of Governmental Activities \$117,119

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2011

| | <u>Budget Amounts</u> | | Actual | Variance With Final Budget Over/(Under) |
|---|-----------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues:</u> | | | | |
| Property Taxes | \$1,302,500 | \$1,340,280 | \$1,340,280 | \$0 |
| Intergovernmental | 9,713,750 | 9,597,103 | 9,597,103 | 0 |
| Investment Earnings | 70,000 | 81,649 | 81,649 | 0 |
| Tuition and Fees | 1,083,600 | 1,076,665 | 1,076,665 | 0 |
| Extracurricular Activities | 16,950 | 20,923 | 20,923 | 0 |
| Customer Sales and Services | 16,000 | 16,000 | 16,000 | 0 |
| Miscellaneous | 100,000 | 94,076 | 94,076 | 0 |
| <i>Total Revenues</i> | <u>12,302,800</u> | <u>12,226,696</u> | <u>12,226,696</u> | <u>0</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 6,542,786 | 6,260,161 | 6,260,161 | 0 |
| Special | 1,333,513 | 1,318,227 | 1,318,227 | 0 |
| Vocational | 104,971 | 105,438 | 105,438 | 0 |
| Student Intervention Services | 39,119 | 54,978 | 54,978 | 0 |
| Support Services: | | | | |
| Pupils | 816,812 | 757,291 | 757,291 | 0 |
| Instructional Staff | 483,909 | 500,597 | 500,597 | 0 |
| Board of Education | 114,846 | 112,618 | 112,618 | 0 |
| Administration | 1,098,627 | 1,068,533 | 1,068,533 | 0 |
| Fiscal | 299,091 | 307,782 | 307,782 | 0 |
| Operation and Maintenance of Plant | 1,091,315 | 998,680 | 998,680 | 0 |
| Pupil Transportation | 804,760 | 858,088 | 858,088 | 0 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 294 | 289 | 289 | 0 |
| Extracurricular Activities | 139,306 | 147,490 | 147,490 | 0 |
| Capital Outlay | 34,854 | 54,729 | 54,729 | 0 |
| <i>Total Expenditures</i> | <u>12,904,203</u> | <u>12,544,901</u> | <u>12,544,901</u> | <u>0</u> |
| Excess of Revenues Under Expenditures | <u>(601,403)</u> | <u>(318,205)</u> | <u>(318,205)</u> | <u>0</u> |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Proceeds from Sale of Capital Assets | 500 | 3,206 | 3,206 | 0 |
| Transfers In | 28,500 | 28,500 | 28,500 | 0 |
| Advances In | 30,633 | 32,133 | 32,133 | 0 |
| Transfers Out | (247,649) | (264,574) | (264,574) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(188,016)</u> | <u>(200,735)</u> | <u>(200,735)</u> | <u>0</u> |
| <i>Net Change in Fund Balance</i> | (789,419) | (518,940) | (518,940) | 0 |
| <i>Fund Balance at Beginning of Year</i> | 2,796,598 | 2,796,598 | 2,796,598 | 0 |
| <i>Prior Year Encumbrances Appropriated</i> | <u>166,173</u> | <u>166,173</u> | <u>166,173</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u>\$2,173,352</u> | <u>\$2,443,831</u> | <u>\$2,443,831</u> | <u>\$0</u> |

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2011

| | Private Purpose Trust | Agency |
|--|-----------------------------|------------------------------------|
| | <u> </u> | <u> </u> |
| <u>Assets:</u> | | |
| Equity in Pooled Cash and Cash Equivalents | \$109,690 | \$17,452 |
| Receivables: | | |
| Accrued Interest | 456 | 0 |
| | <u> </u> | <u> </u> |
| <i>Total Assets</i> | 110,146 | <u><u>\$17,452</u></u> |
| | | |
| <u>Liabilities:</u> | | |
| Undistributed Monies | 0 | \$17,452 |
| | <u> </u> | <u><u> </u></u> |
| | | |
| <u>Net Assets:</u> | | |
| Held in Trust for Scholarships | <u><u>\$110,146</u></u> | |

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets

Fiduciary Fund

For the Fiscal Year Ended June 30, 2011

| | <u>Private Purpose Trust</u> |
|---|----------------------------------|
| | <u>Scholarships</u> |
| <u>Additions:</u> | |
| Investment Earnings | \$1,449 |
| Gifts and Donations | <u>9,615</u> |
| <i>Total Additions</i> | 11,064 |
| <u>Deductions:</u> | |
| Scholarships | <u>11,234</u> |
| <i>Change in Net Assets</i> | (170) |
| <i>Net Assets at Beginning of Year - Restated (See Note 18)</i> | <u>110,316</u> |
| <i>Net Assets at End of Year</i> | <u><u>\$110,146</u></u> |

See accompanying notes to the basic financial statements

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WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District serves an area of approximately 68 square miles. It is located in Scioto County and is composed of Washington and Nile Townships. It is staffed by 65 non-certificated employees, 114 certificated full-time teaching personnel and 10 administrative employees who provide services to 1,501 students and other community members. The School District currently operates three buildings.

Reporting Entity

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

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

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

Jointly Governed Organizations:

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

Public Entity Shared Risk Pool:

Scioto County Schools Council

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

(continued)

Insurance Purchasing Pool:
Ohio SchoolComp Group Retrospective Rating Program

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible within the current fiscal year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

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

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Expenses/Expenditures

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

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

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled with investments with the exception of a portion of the monies associated with the Ohio School Facilities Commission building project. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The School District has monies related to the Ohio School Facilities Commission building project and the School District's local share of the project invested separately from the School District's internal investment pool. These amounts are presented as "Cash and Cash Equivalents" and "Investments" on the financial statements.

During fiscal year 2011, the School District's investments were limited to Federal National Mortgage Association Notes, Federal Home Loan Bank Bonds, Federal Home Mortgage Corporation Bonds, and the State Treasury Asset Reserve of Ohio (STAROhio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2011 amounted to \$81,929, which includes \$21,539 from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are reported on the financial statements as cash equivalents.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Inventory

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

Capital Assets

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Bond issuance costs and bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the interest accrued during the fiscal year. Bond premiums and discounts and the interest on the capital appreciation bonds are presented as an addition/reduction of the face amount of the bonds payable whereas issuance costs are recorded as deferred charges. On the fund financial statements, bond premiums and discounts are reported as Other Financing Sources/Uses and issuance costs are reported as expenditures when the debt is issued. Accretion on the capital appreciation bonds are not reported.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current fiscal year. Bonds, paid off during fiscal year 2011, were paid from governmental funds and are recognized as an expenditure in the governmental fund financial statements.

Fund Balance

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

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Net Assets

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

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

Budgetary Process

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as final budgeted amounts reflect the amounts in the amended certificate in effect at the time the final appropriations were passed. Before fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year-end in all funds.

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

Internal Activity

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

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

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

Estimates

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 3 – ACCOUNTABILITY

At June 30, 2011, the following funds had a deficit fund balance:

| <u>Funds</u> | <u>Amounts</u> |
|---|----------------|
| Early Childhood Education | \$2,963 |
| Alternative Schools | 123 |
| Title II - A, Improving Teacher Quality | 819 |

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

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING (continued)

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

| <u>Net Change in Fund Balance</u> | |
|---|---------------------------|
| GAAP Basis | (\$323,318) |
| Adjustments: | |
| Revenue Accruals | 5,816 |
| Expenditure Accruals | 18,371 |
| Encumbrances | (261,687) |
| Advances | 32,133 |
| Transfers | (60) |
| Net Increase in Fair Value of Investments - Fiscal Year 2010 | 5,386 |
| Net Decrease in Fair Value of Investments - Fiscal Year 2011 | 4,419 |
| Budget Basis | <u><u>(\$518,940)</u></u> |

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

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

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

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

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the Washington-Nile Local School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$5,260,895 of the School District's bank balance of \$5,760,895 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 5 – DEPOSITS AND INVESTMENTS (continued)

Investments: As of June 30, 2011, the School District had the following investments:

| | Fair Value | Investment Maturities Less Than 1 Year | Investment Maturities (in Years) 1 - 4 | Call Date | S&P Rating | Percent of Total Investments |
|--|--------------------|--|--|-----------|------------|------------------------------|
| Federal National Mortgage Association Bonds | \$502,635 | \$0 | \$502,635 | 8/6/2012 | AAA | 30.56% |
| Federal Home Loan Bank Bonds | 401,516 | 0 | 401,516 | 11//23/11 | AAA | 24.41% |
| Federal Home Loan Mortgage Corporation Bonds | 351,904 | 0 | 351,904 | 1/23/2012 | AAA | 21.39% |
| STAROhio | 388,892 | 388,892 | 0 | ---- | AAAm | 23.64% |
| Totals | <u>\$1,644,947</u> | <u>\$388,892</u> | <u>\$1,256,055</u> | | | <u>100.00%</u> |

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 6 – PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 6 – PROPERTY TAXES (continued)

The amount available as an advance at June 30, 2011, was \$119,998 in the General Fund and \$17,056 in the Other Governmental Funds. The amount available as an advance at June 30, 2010, was \$121,042 in the General Fund and \$20,262 in the Other Governmental Funds.

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

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

| | 2010 Second- Half Collections | | 2011 First- Half Collections | |
|---|----------------------------------|----------------|---------------------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Real Estate | \$73,770,430 | 95.30% | \$78,004,740 | 95.48% |
| Public Utility Personal | 3,531,100 | 4.56% | 3,689,420 | 4.52% |
| General Business Personal | 108,840 | 0.14% | 0 | 0.00% |
| Total Assessed Value | <u>\$77,410,370</u> | <u>100.00%</u> | <u>\$81,694,160</u> | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | \$28.81 | | \$28.31 | |

NOTE 7 – RECEIVABLES

Receivables at June 30, 2011, consisted of property taxes, accounts, intergovernmental grants, and accrued interest. All receivables are considered collectible in full and will be received within one fiscal year with the exception of the property taxes and the Ohio School Facilities Commission Grant. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Ohio School Facilities Commission Grant monies will be collected over the life of the construction of the new facility. During fiscal year 2011, the School District was awarded an increase in grant monies of \$1,032,428. These additional dollars brings the total Ohio School Facilities Commission award to \$16,695,420 as of fiscal year end.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 7 – RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

| | <u>Amount</u> |
|---|---------------------------|
| <u>Governmental Activities:</u> | |
| Miscellaneous Reimbursements | \$20,210 |
| Early Childhood Education | 23,519 |
| Education Jobs | 578,105 |
| Title VI - B, Special Education | 52,321 |
| Special Education, Part B-IDEA ARRA | 1,236 |
| Title II-D Technology | 843 |
| Title I, School Improvement Stimulus A | 797 |
| Title I ARRA | 10,411 |
| Title I | 157,800 |
| Title II - A, Improving Teacher Quality | 22,025 |
| Title VI-B, Rural and Low Income | 5,672 |
| Ohio School Facilities Commission | 404,786 |
| Total Intergovernmental Receivables | <u><u>\$1,277,725</u></u> |

The School District was awarded a grant in the amount of \$15,662,992 on September 19, 2008, from the Ohio School Facilities Commission for the construction of a new middle school facility, as well as to demolish the existing middle school building. During fiscal year 2011, the School District was awarded an additional \$1,032,428 in school facilities grants to further assist in the construction of the new middle school. This brings the total monies awarded by the Ohio School Facilities Commission to \$16,695,420 for this project.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 8 – CAPITAL ASSETS

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

| | Balance at 6/30/10 | Additions | Deletions | Balance at 6/30/11 |
|--|-----------------------|---------------------|------------------|-----------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$1,852,309 | \$0 | \$0 | \$1,852,309 |
| Construction in Progress | 1,921,883 | 11,052,691 | 0 | 12,974,574 |
| Total Capital Assets Not Being Depreciated | 3,774,192 | 11,052,691 | 0 | 14,826,883 |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 518,336 | 47,450 | 0 | 565,786 |
| Buildings and Improvements | 29,515,142 | 0 | 0 | 29,515,142 |
| Furniture, Fixtures and Equipment | 3,861,033 | 13,464 | (14,691) | 3,859,806 |
| Vehicles | 1,500,693 | 86,365 | 0 | 1,587,058 |
| Total Capital Assets Being Depreciated | 35,395,204 | 147,279 | (14,691) | 35,527,792 |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | (182,220) | (19,627) | 0 | (201,847) |
| Building and Improvements | (8,314,175) | (568,228) | 0 | (8,882,403) |
| Furniture, Fixtures and Equipment | (2,677,740) | (139,004) | 13,081 | (2,803,663) |
| Vehicles | (1,048,238) | (68,252) | 0 | (1,116,490) |
| Total Accumulated Depreciation | (12,222,373) | (795,111) * | 13,081 | (13,004,403) |
| Total Capital Assets Being Depreciated, Net | 23,172,831 | (647,832) | (1,610) | 22,523,389 |
| Governmental Activities Capital Assets, Net | <u>\$26,947,023</u> | <u>\$10,404,859</u> | <u>(\$1,610)</u> | <u>\$37,350,272</u> |

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 8 – CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

| | |
|--|-------------------------|
| Instruction: | |
| Regular | \$267,041 |
| Special | 76,171 |
| Vocational | 6,622 |
| Support Services: | |
| Pupils | 28,329 |
| Instructional Staff | 32,335 |
| Administration | 39,774 |
| Fiscal | 10,229 |
| Operation and Maintenance of Plant | 61,959 |
| Pupil Transportation | 120,429 |
| Operation of Non-Instructional Services: | |
| Food Service Operations | 73,718 |
| Extracurricular Activities | 78,504 |
| Total Depreciation Expense | <u><u>\$795,111</u></u> |

NOTE 9 – RISK MANAGEMENT

Property and Liability Insurance

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 9 – RISK MANAGEMENT (continued)

Employee Medical and Dental Benefits

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

Workers' Compensation

For fiscal year 2011, the School District participated in the Ohio SchoolComp Group Retrospective Rating Program (GRRP), an insurance purchasing pool (See Note 16). The intent of the GRRP is to reward participants that are able to keep their claims costs below a predetermined amount. As part of the GRRP, school districts join together as a group. Each school district continues to pay its own individual premium to the State. However, each school district has the opportunity to receive retrospective premium adjustments (refunds or assessments) at 12, 24, and 36 months after the end of the policy year. At the end of each policy year, the Bureau of Workers' Compensation (BWC) will take a snap-shot of the incurred claims losses (indemnity, medical, and reserves) for the entire group and calculate the group's retrospective premium. If the retrospective premium that is calculated is less than the group's total standard premium, the participants will receive a refund. However, if the retrospective premium is greater than the group's total standard premium, an assessment will be levied by BWC. Each group limits the maximum assessment by selecting a premium cap between five percent and 100 percent of merit rated premium. Participation in the GRRP is limited to school districts that can meet the GRRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRRP.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2011, the allocation to pension and death benefits was 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$161,324, \$243,923, and \$153,154, respectively. For fiscal year 2011, 43.40 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

State Teachers Retirement System of Ohio

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS (continued)

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

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

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$878,536, \$878,769, and \$859,775, respectively. For fiscal year 2011, 82.43 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

Contributions made to STRS Ohio for the DC Plan and for fiscal year 2011 were \$3,927 made by the School District and \$2,805 made by the plan members. In addition, member contributions of \$7,957 were made for fiscal year 2011 for the defined contribution portion of the Combined Plan.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2011, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 11 – POSTEMPLOYMENT BENEFITS

School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800. During fiscal year 2011, the School District paid \$32,569 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$29,593, \$41,349, and \$94,880, respectively. For fiscal year 2011, 43.40 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$10,382, \$14,506, and \$12,636, respectively. For fiscal year 2011, 43.40 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 11 – POSTEMPLOYMENT BENEFITS (continued)

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$67,580, \$67,598, and \$66,137, respectively. For fiscal year 2011, 82.43 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

NOTE 12 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and 10 month administrators do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days for teachers, administrators and classified non-union employees. Classified union employees may accumulate up to a maximum of 220 days.

Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 56 days for teachers, administrators, and classified non-union employees and 47 days for classified union employees. As a further incentive to minimize sick leave usage, the Board will pay an additional eight days of bonus retirement pay beyond the cap if, in the year of retirement, the employee has used less than eight days of sick leave and has the maximum sick leave accumulation.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 12 – EMPLOYEE BENEFITS (continued)

Insurance Benefits

The School District provides its teachers, administrators and classified nonunion employees with life insurance through the Metropolitan Educational Council (See Note 16), health and dental insurance through the Scioto County Schools Council, and vision benefits through Vision Service Plan. Classified union employees are provided health, dental, vision, and life insurance plans through their union, The Public Employees of Ohio Teamsters Local Union No. 92. The School District pays the premiums, established by contract, to Central States Fund. All questions and claims regarding these plans are handled through the union.

Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 13 – CAPITAL LEASE – LESSEE DISCLOSURE

The School District has a capital lease obligation that relates to the construction of the high school athletic stadium complex. The School District entered into this lease on March 30, 2001. As part of the agreement, Oak Hill Bank, as lessor, deposited \$1,500,000 in the School District's savings account to construct the athletic stadium complex. Amounts were paid to contractors by the School District as the work progressed. The stadium was completed during fiscal year 2003 and was capitalized as buildings and improvements on the Statement of Net Assets for governmental activities in the amount of \$2,081,752. The remaining \$581,752 necessary to complete the construction was provided by the School District. Principal payments in fiscal year 2011 totaled \$177,155. This was the final payment of the lease.

The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "*Accounting for Leases*," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds and on a budgetary basis.

The assets acquired through the capital lease are as follows:

| | <u>Asset Value</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|----------------------------|------------------------|-------------------------------------|---------------------------|
| Asset: | | | |
| Buildings and Improvements | <u>\$2,081,752</u> | <u>(\$343,826)</u> | <u>\$1,737,926</u> |

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 14 – LONG-TERM OBLIGATIONS

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

| | Principal Outstanding 6/30/10 | Additions | Deductions | Principal Outstanding 6/30/11 | Amounts Due Within One Year |
|-------------------------------------|-------------------------------------|-----------------|------------------|-------------------------------------|-----------------------------------|
| <u>Governmental Activities:</u> | | | | | |
| 1993 EPA Asbestos | | | | | |
| Loan 0.00% | \$2,659 | \$0 | \$2,659 | \$0 | \$0 |
| General Obligation Bonds | | | | | |
| 2001 Refunding Classroom Facilities | | | | | |
| Serial Bonds 3.3% to 5% | 500,000 | 0 | 0 | 500,000 | 0 |
| Original Issue Capital | | | | | |
| Appreciation Bonds | 109,942 | 0 | 42,435 | 67,507 | 35,955 |
| Accretion on Capital | | | | | |
| Appreciation Bonds | 245,916 | 3,086 | 0 | 249,002 | 0 |
| Premium on Debt Issue | 13,748 | 0 | 9,335 | 4,413 | 0 |
| Deferred Loss on Refunding | (25,774) | 0 | (8,591) | (17,183) | 0 |
| Capital Lease | 177,155 | 0 | 177,155 | 0 | 0 |
| Compensated Absences | 395,262 | 93,580 | 122,348 | 366,494 | 93,427 |
| Total Governmental Activities | | | | | |
| Long-Term Obligations | <u>\$1,418,908</u> | <u>\$96,666</u> | <u>\$345,341</u> | <u>\$1,170,233</u> | <u>\$129,382</u> |

EPA Asbestos Loan - In 1993, the Washington-Nile Local School District obtained a loan in the amount of \$95,619 for the purpose of providing asbestos removal. The loan was issued for an 18 year period with final maturity during fiscal year 2011. The loan is interest free and will be retired from the Debt Service Fund.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 14 – LONG-TERM OBLIGATIONS (continued)

2001 Refunding Classroom Facilities Bonds - On July 1, 2001, the School District issued \$1,464,942 in General Obligation Bonds to advance refund \$1,465,000 of outstanding 1994 Classroom Facilities General Obligation Bonds with an interest rate of 5.80 percent to 6.45 percent. The bond issue included serial and capital appreciation bonds in the amounts of \$1,355,000 and \$109,942, respectively, with interest rates ranging from 3.30 percent to 5.00 percent. The capital appreciation bonds will mature in fiscal years 2011, 2012, and 2013. The maturity amount of the capital appreciation bonds is \$145,000 in fiscal year 2011, \$140,000 in fiscal year 2012, and \$140,000 in fiscal year 2013, for a total of \$425,000. For fiscal year 2011, the capital appreciation bonds were accreted \$3,086 with a total accretion amount of \$249,002. Issuance costs associated with the bond issue will be amortized over the term of the bonds. The serial bonds were issued for a 15 year period with a final maturity during fiscal year 2017. The bonds will be retired from the Debt Service Fund.

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

The School District's overall legal debt margin was \$7,376,005 with an unvoted debt margin of \$81,694 at June 30, 2011.

Principal and interest requirements to retire the 2001 general obligation debt outstanding at June 30, 2011, are as follows:

| Fiscal year Ending June 30, | Serial Bonds | Serial Bonds | Capital | Capital | Total |
|-----------------------------------|------------------|-----------------|---------------------------------|--------------------------------|------------------|
| | Principal | Interest | Appreciation Bonds Principal | Appreciation Bonds Interest | |
| 2012 | \$0 | \$24,358 | \$35,955 | \$104,045 | \$164,358 |
| 2013 | 0 | 24,358 | 31,551 | 108,449 | 164,358 |
| 2014 | 140,000 | 21,033 | 0 | 0 | 161,033 |
| 2015 | 145,000 | 14,192 | 0 | 0 | 159,192 |
| 2016 | 150,000 | 6,963 | 0 | 0 | 156,963 |
| 2017 | 65,000 | 1,625 | 0 | 0 | 66,625 |
| Total | <u>\$500,000</u> | <u>\$92,529</u> | <u>\$67,506</u> | <u>\$212,494</u> | <u>\$872,529</u> |

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 15 – INTERFUND ACTIVITY

Transfers made during the fiscal year ended June 30, 2011, were as follows:

| | | Transfers From |
|---------------------|-----------------------|-------------------------|
| | | <u>General Fund</u> |
| Transfers To | Ohio School | |
| | Facilities Commission | \$21,070 |
| | Other | |
| | Governmental Funds | <u>214,944</u> |
| | Totals | <u><u>\$236,014</u></u> |

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 Other Governmental Funds to pay the principal and interest obligations for the capital lease. Transfers from the General Fund to the Ohio School Facilities Commission Capital Project fund were made because the School District received additional funding from School Facilities and, as a result, was required provide additional local dollars to help cover the increased local share of the project.

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

Jointly Governed Organizations

South Central Ohio Computer Association

The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Lawrence, Pike, Ross, Jackson, Vinton and Scioto Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$25,488 for membership during the fiscal year. Financial information can be obtained from the fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

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

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (the “Coalition”) is a jointly governed organization of over 100 school districts in southeastern Ohio. The Coalition is operated by a board which is composed of 14 members. The Board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various services for School District administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for School District personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. During fiscal year 2011, the School District paid \$325 to the Coalition for services provided during the fiscal year.

Metropolitan Educational Council

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

Public Entity Shared Risk Pool

Scioto County Schools Council

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

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

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

Insurance Purchasing Pool

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.

NOTE 17 – SET-ASIDE CALCULATIONS

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

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

| | Textbooks and Instructional Materials | Capital Acquisitions |
|--|---|-------------------------|
| Set-aside Reserve Balance as of June 30, 2010 | \$167,725 | \$0 |
| Current Fiscal Year Set-aside Requirement | 222,035 | 222,035 |
| Current Fiscal Year Offsets | 0 | (92,257) |
| Qualifying Disbursements | (252,863) | (222,676) |
| Set-aside Reserve Balance as of June 30, 2011 | \$136,897 | (\$92,898) |
| Required Set-aside Balances Carried Forward to FY 2012 | \$136,897 | \$0 |

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 17 – SET-ASIDE CALCULATIONS (continued)

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 18 - CHANGE IN ACCOUNTING PRINCIPLES

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

| | General Fund | All Other Governmental Funds |
|---|----------------------------|------------------------------------|
| Fund Balance, June 30, 2010, as previously reported | \$1,837,004 | \$1,226,244 |
| Reclassification of Funds | 1,997 | (2,500) |
| Fund Balance, June 30, 2010, as restated | <u>\$1,839,001</u> | <u>\$1,223,744</u> |
| | Governmental Activities | Fiduciary Funds |
| Net Assets, June 30, 2010, as previously reported | \$41,933,437 | \$109,813 |
| Reclassification of Funds | (503) | 503 |
| Net Assets, June 30, 2010, as restated | <u>\$41,932,934</u> | <u>\$110,316</u> |

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 19 - 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:

| <u>Fund Balances</u> | <u>General</u> | <u>Ohio School Facilities Commission</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|---------------------------------------|--------------------|--|--|--------------------|
| <i>Nonspendable</i> | | | | |
| Prepays | \$16,380 | \$0 | \$150 | \$16,530 |
| Materials and Supplies Inventory | 49,713 | 0 | 1,677 | 51,390 |
| Inventory Held for Resale | 0 | 0 | 12,882 | 12,882 |
| <i>Total Nonspendable</i> | 66,093 | 0 | 14,709 | 80,802 |
| <i>Restricted for</i> | | | | |
| Debt Payment | 0 | 0 | 591,038 | 591,038 |
| Food Service Operations | 0 | 0 | 64,949 | 64,949 |
| Miscellaneous Grants | 0 | 0 | 646 | 646 |
| Special Education | 0 | 0 | 177 | 177 |
| District Managed Activity | 0 | 0 | 117,090 | 117,090 |
| Title II- D Technology | 0 | 0 | 230 | 230 |
| Title I | 0 | 0 | 16,013 | 16,013 |
| Capital Improvements | 0 | 1,466,960 | 393,667 | 1,860,627 |
| Textbooks and Instructional Materials | 136,897 | 0 | 0 | 136,897 |
| <i>Total Restricted</i> | 136,897 | 1,466,960 | 1,183,810 | 2,787,667 |
| <i>Committed to</i> | | | | |
| Termination Benefits | 208,342 | 0 | 0 | 208,342 |
| <i>Assigned to</i> | | | | |
| Capital Improvements | 0 | 0 | 228,500 | 228,500 |
| Other Purposes | 220,323 | 0 | 0 | 220,323 |
| <i>Total Assigned</i> | 220,323 | 0 | 228,500 | 448,823 |
| <i>Unassigned (Deficit)</i> | 884,028 | 0 | (3,905) | 880,123 |
| <i>Total Fund Balances</i> | \$1,515,683 | \$1,466,960 | \$1,423,114 | \$4,405,757 |

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

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

NOTE 20 – CONTRACTUAL COMMITMENTS

The School District contracted for the construction of a new middle school. The outstanding construction commitments at June 30, 2011, are:

| <u>Contractor</u> | <u>Contract Amount</u> | <u>Amount Expended</u> | <u>Balance at 6/30/11</u> |
|-------------------------------|----------------------------|----------------------------|-------------------------------|
| Four Seasons | \$39,530 | \$18,826 | \$20,704 |
| DCK North America LLC | 826,340 | 766,665 | 59,675 |
| CTL | 67,367 | 52,680 | 14,687 |
| West End Electric | 2,167,909 | 2,125,715 | 42,194 |
| Central Fire Protection, Inc. | 135,577 | 127,452 | 8,125 |
| Geiger Brothers | 9,931,282 | 9,188,836 | 742,446 |
| Tanner & Stone Architects | 887,607 | 836,741 | 50,866 |
| Total | <u>\$14,055,612</u> | <u>\$13,116,915</u> | <u>\$938,697</u> |

NOTE 21 – CONTINGENCIES

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

Litigation

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

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| FEDERAL GRANTOR/ Pass Through Grantor Program Title | Grant Year | Federal CFDA Number | Receipts | Disbursements |
|--|---------------|---------------------------|----------------------------|----------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | |
| Child Nutrition Cluster: | | | | |
| Non-Cash Assistance (Food Distribution): | | | | |
| National School Lunch Program | 2010/2011 | 10.555 | \$ 4,797 | \$ 4,797 |
| Cash Assistance: | | | | |
| School Breakfast Program | 2010/2011 | 10.553 | 120,764 | 120,764 |
| National School Lunch Program | 2010/2011 | 10.555 | 318,926 | 318,926 |
| Summer Food Service Program | 2010/2011 | 10.559 | 9,198 | 9,198 |
| Cash Assistance Subtotal | | | <u>448,888</u> | <u>448,888</u> |
| Total Child Nutrition Cluster | | | 453,685 | 453,685 |
| Total U.S. Department of Agriculture | | | 453,685 | 453,685 |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | |
| Title I Cluster: | | | | |
| Title I Grants to Local Educational Agencies | 2010 | 84.010 | 106,933 | 115,488 |
| Title I Grants to Local Educational Agencies | 2011 | 84.010 | 674,550 | 656,415 |
| Title I School Improvement | 2010 | 84.010 | 5,033 | 0 |
| Title I School Improvement | 2011 | 84.010 | 3,000 | 3,000 |
| Total Title I Grants to Local Educational Agencies | | | <u>789,516</u> | <u>774,903</u> |
| ARRA - Title I Grants to Local Educational Agencies | 2010 | 84.389 | 11,355 | 15,438 |
| ARRA - Title I Grants to Local Educational Agencies | 2011 | 84.389 | 105,395 | 98,310 |
| Total ARRA - Title I Grants to Local Educational Agencies | | | <u>116,750</u> | <u>113,748</u> |
| Total Title I Cluster | | | 906,266 | 888,651 |
| Special Education Cluster: | | | | |
| Special Education Grants to States | 2010 | 84.027 | 62,742 | 62,742 |
| Special Education Grants to States | 2011 | 84.027 | 276,172 | 268,064 |
| Total Special Education Grants to States | | | <u>338,914</u> | <u>330,806</u> |
| ARRA - Special Education Grants to States | 2010 | 84.391 | 0 | 443 |
| ARRA - Special Education Grants to States | 2011 | 84.391 | 232,101 | 222,083 |
| Total ARRA - Special Education Grants to States | | | <u>232,101</u> | <u>222,526</u> |
| Total Special Education Cluster | | | 571,015 | 553,332 |
| Safe and Drug-Free Schools and Communities State Grants | 2010 | 84.186 | 1,499 | 1,600 |
| Education Technology State Grants | 2010 | 84.318 | 514 | 826 |
| | 2011 | | 1,658 | 1,645 |
| Total Education Technology State Grants | | | <u>2,172</u> | <u>2,471</u> |
| Rural Education | 2010 | 84.358 | 5,074 | 5,820 |
| | 2011 | | 29,299 | 29,264 |
| Total Rural Education | | | <u>34,373</u> | <u>35,084</u> |
| Improving Teacher Quality State Grants | 2010 | 84.367 | 22,470 | 22,470 |
| | 2011 | | 133,257 | 131,402 |
| Total Improving Teacher Quality State Grants | | | <u>155,727</u> | <u>153,872</u> |
| ARRA - State Fiscal Stabilization Fund - Education State Grants | 2011 | 84.394 | 791,248 | 803,897 |
| <i>Passed through Shawnee State University:</i> | | | | |
| Twenty-First Century Community Learning Centers Grant | 2009 | 84.287 | 0 | 7,000 |
| | 2010 | | 10,000 | 0 |
| Total Twenty-First Century Community Learning Centers Grant | | | <u>10,000</u> | <u>7,000</u> |
| Total U.S. Department of Education | | | <u>2,472,300</u> | <u>2,445,907</u> |
| Total Federal Awards Receipts and Expenditures | | | <u>\$ 2,925,985</u> | <u>\$ 2,899,592</u> |

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

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

**NOTES TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington-Nile Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 13, 2012, wherein we noted the School District has adopted Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 13, 2012.

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



Dave Yost
Auditor of State

March 13, 2012



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

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

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

As described in finding 2011-001 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding cash management applicable to its State Fiscal Stabilization Fund Grant. Compliance with this requirement is necessary, in our opinion, for the School District to comply with requirements applicable to this program.

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

Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2011-001 to be a material weakness.

The School District's response to the finding we identified is described in the accompanying Schedule of Findings. We did not audit the School District's response and, accordingly, we express no opinion on it.

We also noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District in a separate letter dated March 13, 2012

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



Dave Yost
Auditor of State

March 13, 2012

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011**

| 1. SUMMARY OF AUDITOR'S RESULTS | | |
|--|---|---|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <i>(d)(1)(ii)</i> | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iv)</i> | Were there any material internal control weaknesses reported for major federal programs? | Yes |
| <i>(d)(1)(iv)</i> | Were there any other significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Qualified for State Fiscal Stabilization Fund – CFDA # 84.394 Unqualified for Nutrition Cluster, CFDA # 10.553, 10.555 and 10.559 and Unqualified for Special Education Cluster, CFDA # 84.027 and 84.391 |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510(a)? | Yes |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Nutrition Cluster – CFDA # 10.553, 10.555, and 10.559 Special Education (IDEA) Cluster – CFDA # 84.027 and 84.391 ARRA – State Fiscal Stabilization Fund – Education State Grants – CFDA # 84.394 |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A\B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | No |

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
SCIOTO COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011
(Continued)

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

None.

3. FINDINGS FOR FEDERAL AWARDS

| | |
|------------------------------------|---|
| Finding Number | 2011-001 |
| CFDA Title and Number | ARRA - State Fiscal Stabilization Fund – Education State Grants – CFDA #84.394 |
| Federal Award Number / Year | 2011 |
| Federal Agency | United States Department of Education |
| Pass-Through Agency | Ohio Department of Education |

Noncompliance Finding/Material Weakness

Cash Management

34 C. F. R. Section 80.20(b)(7) states in part that procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. When advances are made by letter-of credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making the disbursements.

The District received State Fiscal Stabilization Funds (SFSF) through the Ohio Department of Education Foundation Program. Foundation payments were sent automatically to the District on a bi-monthly basis. The District must spend advances within 30 days or by the end of the month, whichever occurs first.

The District did not expend SFSF funds by the end of the month for 13 of the 24 advances received in fiscal year 2011. Also, the District did not expend SFSF advances within 30 days of receipt for 8 of the 24 advances received in fiscal year 2011.

While imputed interest was not excessive, we note that failure to timely expend funds can result in excessive interest earned and questioned costs.

We recommend the District Treasurer review fund balances periodically to ensure that all federal receipts are expended within the required period.

Officials' Response: I have been in contact with the Office of Finance Program Services.

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

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2010-001 | 2 C.F.R. Part 225 (A-87) Appendix B, Part 8g, Title 1 employee paid severance benefits from Title 1 Fund. | Yes | |

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

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §.315(c)
JUNE 30, 2011**

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|---|-----------------------------|--------------------------------|
| 2011-001 | I have been in contact with the Office of Finance Program Services. | March 2012 | Sherry Patterson, Treasurer |



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on March 24, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

Dave Yost
Auditor of State

March 13, 2012

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WASHINGTON-NILE LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 29, 2012