



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington-Nile Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington-Nile Local School District, Scioto County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during the year ended June 30, 2013, the School District adopted the provisions of Governmental Accounting Standard No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Federal Awards Receipts and Expenditures Schedule (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2014, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

March 18, 2014

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WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

As management of the Washington-Nile Local School District (the "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, 2013. 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 2013 are as follows:

- Net position of governmental activities decreased \$837,080 from the prior fiscal year.
- General revenues accounted for \$11,617,902. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$4,430,001 of total revenues of \$16,047,903.
- The School District had \$16,884,983 in expenses related to governmental activities; only \$4,430,001 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest. General revenues (primarily grants, entitlements and property taxes) of \$11,617,902 were not adequate to provide for these programs.

Using the Basic Financial Statements

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

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 2013?”

The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These 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 position and changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. 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 10. 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 Position 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, 2013

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 Position 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 2013 and fiscal year 2012:

(Table 1)
Net Position
Governmental Activities

	2013	2012	Increase/ (Decrease)
<u>Assets:</u>			
Current Assets	\$7,678,495	\$7,488,315	\$190,180
Capital Assets, Net	33,544,498	34,022,659	(478,161)
Total Assets	41,222,993	41,510,974	(287,981)
<u>Liabilities:</u>			
Other Liabilities	1,766,130	1,712,905	53,225
Long-Term Liabilities	1,476,719	999,330	477,389
Total Liabilities	3,242,849	2,712,235	530,614
<u>Deferred Inflows of Resources:</u>			
Property Taxes	1,460,887	1,442,402	18,485
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	32,403,358	33,510,855	(1,107,497)
Restricted	1,673,987	1,621,016	52,971
Unrestricted	2,441,912	2,224,466	217,446
Total Net Assets	\$36,519,257	\$37,356,337	(\$837,080)

Total Assets decreased \$287,981. Current Assets demonstrated an increase of \$190,180 primarily as a result of the School District receiving yet not expensing all proceeds received from the House Bill 264 Bond Issue. Capital Assets, Net decreased due to current year depreciation exceeding current year asset additions and construction in progress.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

Total Liabilities increased \$530,614 when compared to the prior fiscal year. Other Liabilities reflected a slight increase as a result of an increase in Contracts Payable as the School District continued to pay contractors for the construction of the new middle school along with paying contractors in association with the House Bill 264 energy conservation improvements. Long-Term Liabilities increased as a result of the School District receiving proceeds and recording a liability associated with the House Bill 264 Energy Conservation Bonds issued.

Net Investment in Capital Assets for governmental activities decreased \$1,107,497 due to current year depreciation exceeding current year additions and construction in progress along with the issuance and corresponding liability of the House Bill 264 Energy Conversation Bonds. Restricted Net Position had a slight increase \$52,971. Unrestricted Net Position for governmental activities increased \$217,446 resulting primarily from a decrease in compensated absences compared to the prior fiscal year.

Table 2 shows the changes in net assets for fiscal years 2013 and 2012.

(Table 2)
Change in Net Position
Governmental Activities

	2013	2012	Increase/ (Decrease)
<u>Revenues:</u>			
Program Revenues:			
Charges for Services and Sales	\$1,702,145	\$1,695,077	\$7,068
Operating Grants, Contributions and Interest	2,727,856	2,832,882	(105,026)
<i>Total Program Revenues</i>	<u>4,430,001</u>	<u>4,527,959</u>	<u>(97,958)</u>
General Revenues:			
Property Taxes	1,635,774	1,595,051	40,723
Grants and Entitlements not Restricted to Specific Programs	9,754,178	9,752,155	2,023
Investment Earnings	21,784	21,120	664
Miscellaneous	206,166	162,155	44,011
<i>Total General Revenues</i>	<u>11,617,902</u>	<u>11,530,481</u>	<u>87,421</u>
<i>Total Revenues</i>	<u>\$16,047,903</u>	<u>\$16,058,440</u>	<u>(\$10,537)</u>

(continued)

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

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

	2013	2012	Increase/ (Decrease)
<u>Program Expenses:</u>			
Instruction:			
Regular	\$6,772,287	\$7,347,729	(\$575,442)
Special	2,591,483	2,585,819	5,664
Vocational	110,434	109,481	953
Student Intervention Services	29,985	92,162	(62,177)
Support Services:			
Pupils	855,787	867,905	(12,118)
Instructional Staff	885,492	857,922	27,570
Board of Education	52,108	47,556	4,552
Administration	1,228,345	1,247,463	(19,118)
Fiscal	357,448	347,115	10,333
Operation and Maintenance of Plant	1,723,957	1,760,926	(36,969)
Pupil Transportation	877,811	780,757	97,054
Operation of Non-Instructional Services	855,987	847,700	8,287
Extracurricular Activities	526,261	600,631	(74,370)
Interest and Fiscal Charges	17,598	24,465	(6,867)
<i>Total Expenses</i>	<u>16,884,983</u>	<u>17,517,631</u>	<u>(632,648)</u>
<i>Change in Net Position</i>	(837,080)	(1,459,191)	622,111
<i>Net Position at Beginning of Year</i>	<u>37,356,337</u>	<u>38,815,528</u>	<u>(1,459,191)</u>
<i>Net Position at End of Year</i>	<u>\$36,519,257</u>	<u>\$37,356,337</u>	<u>(\$837,080)</u>

Governmental Activities

Program revenues, which are primarily represented by tuition and fees, charges for extracurricular activities, food service sales, and restricted intergovernmental revenues, were \$4,430,001 of total revenues for fiscal year 2013 and varied slightly from fiscal year 2012. This was the result of the School District receiving slightly less grant funding in programs such as Title VI-B Special Education, Title II-D, Title I, and federal food service reimbursements.

As stated previously, general revenues represent \$11,617,902 of the School District's total revenues, the changes of which are insignificant.

The major program expense for governmental activities, as expected, is for instruction, which accounts for \$9,504,189 of all governmental expenses. The instruction category, however, does not include all activities associated with educating students as the pupils, instructional staff, and pupil transportation costs have a significant role in delivering education. However, a comparison to the prior fiscal year demonstrates insignificant changes in most areas of expenses except for regular instruction. Regular Instruction demonstrated a significant decrease compared to fiscal year 2012.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

During fiscal year 2012, the School District had an asset appraisal completed in order to update their asset records. As a result of the appraisal, the School District had asset deletions that exceeded depreciation causing an approximate \$1.2 million dollar loss on assets that was recorded during fiscal year 2012; the largest portion of that loss was applied to Regular Instruction which increased expenses. This did not occur during fiscal year 2013.

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$15,926,238 and expenditures of \$16,672,013.

The net change in fund balance for the fiscal year in the General Fund was an increase of \$159,475. This increase resulted mainly from the School District receiving \$745,000 in House Bill 264 bond proceeds yet not spending all of these proceeds during the fiscal year.

The Bond Retirement Debt Service fund increased \$39,509, which is insignificant.

General Fund – Budget Highlight

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

During fiscal year 2013, 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 and actual revenues were \$13,338,300 with original estimated revenues of \$13,227,502, an insignificant increase of \$110,798. The majority of the increase stemmed from an increase in State foundation payment.

Final estimated and actual expenditures were \$14,144,961, with original estimated expenditures of \$13,893,190. The largest variance occurred with Capital Outlay. This increase resulted from the School District receiving and expending monies associated with the House Bill 264 Energy Conservation project along with other capital expenditures that were unanticipated when the original appropriations were completed.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

Capital Assets

At the end of fiscal year 2013, the School District had \$33,544,498 invested in capital assets (net of accumulated depreciation), a decrease when compared to the prior fiscal year balance. For additional information regarding the School District's capital assets, refer to Note 9 in the basic financial statements.

Debt

At June 30, 2013, the School District had \$500,000 in serial bonds outstanding, with \$140,000 due within one year. The School District issued Energy Conservation Bonds in the amount of \$745,000, with \$64,855 due in 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 Sherry.Patterson@west.k12.oh.us.

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WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$4,984,405
Cash and Cash Equivalents with Fiscal Agents	38,905
Investments	46,002
Materials and Supplies Inventory	38,608
Inventory Held for Resale	17,454
Accrued Interest Receivable	11,489
Accounts Receivable	55,382
Intergovernmental Receivable	440,276
Prepaid Items	7,759
Property Taxes Receivable	2,038,215
Capital Assets:	
Land and Construction in Progress	2,493,449
Depreciable Capital Assets, Net	31,051,049
	<hr/>
<i>Total Assets</i>	41,222,993
<u>Liabilities:</u>	
Accounts Payable	66,295
Contracts Payable	212,828
Accrued Wages and Benefits Payable	1,126,352
Intergovernmental Payable	255,927
Accrued Interest Payable	11,367
Retainage Payable	93,361
Long-Term Liabilities:	
Due Within One Year	335,241
Due in More Than One Year	1,141,478
	<hr/>
<i>Total Liabilities</i>	3,242,849
<u>Deferred Inflows of Resources</u>	
Property Taxes	1,460,887
	<hr/>
<u>Net Position</u>	
Net Investment in Capital Assets	32,403,358
Restricted for Debt Service	701,421
Restricted for Capital Projects	326,686
Restricted for Other Purposes:	
Classroom Facilities Maintenance	423,425
Food Service	159,380
Athletics	60,397
Other	2,678
Unrestricted	2,441,912
	<hr/>
<i>Total Net Position</i>	\$36,519,257
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See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Total Governmental Activities	
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$6,772,287	\$1,149,556	\$226,824	(\$5,395,907)
Special	2,591,483	40,128	1,702,025	(849,330)
Vocational	110,434	0	11,639	(98,795)
Student Intervention Services	29,985	0	0	(29,985)
Support Services:				
Pupils	855,787	0	51,068	(804,719)
Instructional Staff	885,492	0	177,368	(708,124)
Board of Education	52,108	0	0	(52,108)
Administration	1,228,345	0	54,768	(1,173,577)
Fiscal	357,448	0	0	(357,448)
Operation and Maintenance of Plant	1,723,957	0	0	(1,723,957)
Pupil Transportation	877,811	6,619	20,832	(850,360)
Operation of Non-Instructional Services:				
Food Service Operations	852,696	212,006	483,332	(157,358)
Other	3,291	0	0	(3,291)
Extracurricular Activities	526,261	293,836	0	(232,425)
Interest and Fiscal Charges	17,598	0	0	(17,598)
<i>Total Governmental Activities</i>	<u>\$16,884,983</u>	<u>\$1,702,145</u>	<u>\$2,727,856</u>	<u>(12,454,982)</u>
<u>General Revenues:</u>				
Property Taxes Levied for:				
				1,435,915
				174,935
				24,924
				9,754,178
				21,784
				206,166
				<u>11,617,902</u>
				(837,080)
				<u>37,356,337</u>
				<u>\$36,519,257</u>

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2013

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,303,148	\$650,787	\$1,030,470	\$4,984,405
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	0	38,905	38,905
Investments	0	0	46,002	46,002
Receivables:				
Accounts	54,536	0	846	55,382
Property Taxes	1,789,241	217,649	31,325	2,038,215
Intergovernmental	66,632	0	373,644	440,276
Accrued Interest	11,489	0	0	11,489
Prepaid Items	7,609	0	150	7,759
Materials and Supplies Inventory	36,636	0	1,972	38,608
Inventory Held for Resale	0	0	17,454	17,454
Total Assets	\$5,269,291	\$868,436	\$1,540,768	\$7,678,495
<u>Liabilities:</u>				
Accounts Payable	\$62,419	\$0	\$3,876	\$66,295
Contracts Payable	194,920	0	17,908	212,828
Accrued Wages and Benefits Payable	907,380	0	218,972	1,126,352
Intergovernmental Payable	230,979	0	24,948	255,927
Retainage Payable	61,640	0	31,721	93,361
Total Liabilities	1,457,338	0	297,425	1,754,763
<u>Deferred Inflows of Resources:</u>				
Property Taxes	1,282,695	155,648	22,544	1,460,887
Unavailable Revenue	429,174	48,104	380,483	857,761
Total Deferred Inflows of Resources	1,711,869	203,752	403,027	2,318,648
<u>Fund Balances:</u>				
Nonspendable	44,245	0	2,122	46,367
Restricted	0	664,684	721,195	1,385,879
Committed	39,498	0	0	39,498
Assigned	1,728,347	0	281,763	2,010,110
Unassigned (Deficit)	287,994	0	(164,764)	123,230
Total Fund Balances	2,100,084	664,684	840,316	3,605,084
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$5,269,291	\$868,436	\$1,540,768	\$7,678,495

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2013

Total Governmental Fund Balances \$3,605,084

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

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

Land	1,852,309	
Construction in progress	641,140	
Depreciable Capital Assets	43,567,897	
Accumulated Depreciation	(12,516,848)	
Total Capital Assets	33,544,498	33,544,498

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	448,959	
Intergovernmental	397,313	
Interest	11,489	
	857,761	857,761

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

Bonds Payable	(1,245,000)	
Accrued Interest on Bonds	(11,367)	
Compensated absences	(231,719)	
Total liabilities	(1,488,086)	(1,488,086)

Net Position of Governmental Activities \$36,519,257

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, 2013

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$1,400,944	\$170,934	\$24,314	\$1,596,192
Intergovernmental	10,600,660	38,336	1,762,977	12,401,973
Investment Earnings	19,120	0	642	19,762
Tuition and Fees	1,196,303	0	0	1,196,303
Extracurricular Activities	56,458	0	237,378	293,836
Charges for Sales and Services	0	0	212,006	212,006
Miscellaneous	184,147	0	22,019	206,166
<i>Total Revenues</i>	<u>13,457,632</u>	<u>209,270</u>	<u>2,259,336</u>	<u>15,926,238</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,108,601	0	243,841	6,352,442
Special	1,639,956	0	818,898	2,458,854
Vocational	102,264	0	0	102,264
Student Intervention Services	29,985	0	0	29,985
Support Services:				
Pupils	775,986	0	53,588	829,574
Instructional Staff	665,335	0	182,547	847,882
Board of Education	52,108	0	0	52,108
Administration	1,089,224	0	54,256	1,143,480
Fiscal	345,178	0	0	345,178
Operation and Maintenance of Plant	1,579,138	0	65,282	1,644,420
Pupil Transportation	806,032	0	40,635	846,667
Operation of Non-Instructional Services:				
Food Service Operations	0	0	712,958	712,958
Other	3,291	0	0	3,291
Extracurricular Activities	172,171	0	235,990	408,161
Capital Outlay	643,984	0	80,004	723,988
Debt Service:				
Principal Retirement	0	31,552	0	31,552
Interest and Fiscal Charges	1,000	138,209	0	139,209
<i>Total Expenditures</i>	<u>14,014,253</u>	<u>169,761</u>	<u>2,487,999</u>	<u>16,672,013</u>
Excess of Revenues Over (Under) Expenditures	<u>(556,621)</u>	<u>39,509</u>	<u>(228,663)</u>	<u>(745,775)</u>
<u>Other Financing Sources (Uses):</u>				
Energy Conservation Bonds Issued	745,000	0	0	745,000
Transfers In	0	0	28,904	28,904
Transfers Out	(28,904)	0	0	(28,904)
<i>Total Other Financing Sources (Uses)</i>	<u>716,096</u>	<u>0</u>	<u>28,904</u>	<u>745,000</u>
<i>Net Change in Fund Balances</i>	159,475	39,509	(199,759)	(775)
<i>Fund Balances at Beginning of Year</i>	<u>1,940,609</u>	<u>625,175</u>	<u>1,040,075</u>	<u>3,605,859</u>
<i>Fund Balances at End of Year</i>	<u>\$2,100,084</u>	<u>\$664,684</u>	<u>\$840,316</u>	<u>\$3,605,084</u>

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2013

Net Change in Fund Balances - Total Governmental Funds (\$775)

*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	715,621	
Depreciation expense	(1,193,782)	
Excess of depreciation expense over capital outlay	(478,161)	(478,161)

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

Delinquent property taxes	39,582	
Intergovernmental	79,760	
Interest	2,323	
	121,665	121,665

Bond proceeds are reported as other financing sources in the governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Proceeds of Energy Conservation Bonds Issued		(745,000)
--	--	-----------

Accretion and amortization of bond premiums, the deferred gain on the refunding of debt, are not reported in the funds, but is allocated as an expense over the life of the debt in the Statement of Activities.

Amortization of deferred charges on refunding	(8,591)	
Redemption of accretion on capital appreciation bonds	132,622	
	124,031	124,031

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

Bond principal retirement		31,552
---------------------------	--	--------

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

Increase in accrued interest	(2,420)	
Decrease in compensated absences payable	112,028	
	109,608	

Change in Net Position of Governmental Activities (\$837,080)

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, 2013

	Budget Amounts		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$1,675,300	\$1,393,001	\$1,393,001	\$0
Intergovernmental	10,258,470	10,600,839	10,600,839	0
Investment Earnings	26,000	36,642	36,642	0
Tuition and Fees	1,119,600	1,198,935	1,198,935	0
Extracurricular Activities	500	0	0	0
Charges for Sales and Services	11,500	0	0	0
Miscellaneous	136,132	108,883	108,883	0
<i>Total Revenues</i>	<u>13,227,502</u>	<u>13,338,300</u>	<u>13,338,300</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,070,942	5,970,973	5,970,973	0
Special	1,573,464	1,622,178	1,622,178	0
Vocational	104,174	101,965	101,965	0
Student Intervention Services	68,100	30,664	30,664	0
Support Services:				
Pupils	809,079	757,450	757,450	0
Instructional Staff	731,133	667,279	667,279	0
Board of Education	92,823	67,275	67,275	0
Administration	1,232,158	1,141,589	1,141,589	0
Fiscal	350,507	355,580	355,580	0
Operation and Maintenance of Plant	1,781,505	1,688,700	1,688,700	0
Pupil Transportation	878,683	845,902	845,902	0
Operation of Non-Instructional Services:				
Food Service Operations	900	0	0	0
Extracurricular Activities	143,622	125,489	125,489	0
Capital Outlay	56,100	747,444	747,444	0
Debt Service:				
Principal Retirement	0	11,205	11,205	0
Interest and Fiscal Charges	0	11,268	11,268	0
<i>Total Expenditures</i>	<u>13,893,190</u>	<u>14,144,961</u>	<u>14,144,961</u>	<u>0</u>
Excess of Revenues Under Expenditures	<u>(665,688)</u>	<u>(806,661)</u>	<u>(806,661)</u>	<u>0</u>
<u>Other Financing Sources (Uses):</u>				
Energy Conservation Bonds Issued	0	745,000	745,000	0
Proceeds from Sale of Capital Assets	3,500	3,070	3,070	0
Transfers Out	(78,639)	(53,904)	(53,904)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(75,139)</u>	<u>694,166</u>	<u>694,166</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(740,827)</u>	<u>(112,495)</u>	<u>(112,495)</u>	<u>0</u>
<i>Fund Balance at Beginning of Year</i>	2,497,646	2,497,646	2,497,646	0
<i>Prior Year Encumbrances Appropriated</i>	<u>285,666</u>	<u>285,666</u>	<u>285,666</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$2,042,485</u></u>	<u><u>\$2,670,817</u></u>	<u><u>\$2,670,817</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$111,970	\$19,844
Receivables:		
Accrued Interest	171	0
	<u> </u>	<u> </u>
<i>Total Assets</i>	112,141	<u><u>\$19,844</u></u>
<u>Liabilities:</u>		
Undistributed Monies	0	<u><u>\$19,844</u></u>
<u>Net Position:</u>		
Held in Trust for Scholarships	<u><u>\$112,141</u></u>	

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2013

	Private Purpose Trust
	Scholarships
<u>Additions:</u>	
Investment Earnings	\$762
Gifts and Donations	16,379
<i>Total Additions</i>	17,141
<u>Deductions:</u>	
Scholarships	14,850
<i>Change in Net Position</i>	2,291
<i>Net Position at Beginning of Year</i>	109,850
<i>Net Position at End of Year</i>	\$112,141

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, 2013

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, 103 certificated full-time teaching personnel and 10 administrative employees who provide services to 1,551 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 School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

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

The School District participates in six organizations, four 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 Council of Governments
(SCOCACoG)
Coalition of Rural and Appalachian Schools
Metropolitan Educational Council
Southern Ohio Academy

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Public Entity Shared Risk Pool:
Optimal Health Initiatives Consortium

Insurance Purchasing Pool:
Ohio School Boards Association Workers' Compensation Group Rating
Plan

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standards-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Basis of Presentation

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

Government-wide Financial Statements

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 are divided into two categories; governmental and fiduciary.

Governmental Funds

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

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are 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 a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide 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 inflows/outflows of resources, and in the presentation of expenses versus expenditures.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, interest and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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". 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".

During fiscal year 2013, the School District's investments were limited to Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Bonds, negotiable certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2013.

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 2013 amounted to \$19,120, which includes \$4,587 from other School District funds.

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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. Restricted assets in the Nonmajor Governmental Funds represent cash and cash equivalents legally required to be set aside by the School District for the School District's local share of the Ohio School Facilities Commission building project.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, 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 Position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land 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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. These amounts are assigned by the Board of Education. 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 amounts assigned by the Treasurer for encumbered amounts for outstanding obligations, future appropriations, and amounts assigned to the School District principals for certain curricular and extracurricular activities. These individuals have been given authority to assign amounts for these purposes 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 fund balance.

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include 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 position is available.

Internal Activity

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

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

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.

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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

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

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

Estimates

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

NOTE 3 – FUND BALANCES

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2013

Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>				
Prepays	\$7,609	\$0	\$150	\$7,759
Inventory	36,636	0	1,972	38,608
Total Nonspendable	44,245	0	2,122	46,367
<i>Restricted for</i>				
Debt Payment	0	664,684	0	664,684
Food Service Operations	0	0	157,408	157,408
Classroom Facilities Maintenance	0	0	416,436	416,436
District Managed Student Activities	0	0	60,397	60,397
State and Federal Grants	0	0	40	40
School Facilities Project	0	0	86,914	86,914
Total Restricted	0	664,684	721,195	1,385,879
<i>Committed to</i>				
Termination Benefits	39,498	0	0	39,498
<i>Assigned to</i>				
Purchases on Order	492,403	0	0	492,403
Future Appropriations	1,196,066	0	0	1,196,066
Capital Improvements	0	0	281,763	281,763
Assigned to Principals Fund	39,878	0	0	39,878
Total Assigned	1,728,347	0	281,763	2,010,110
<i>Unassigned (Deficit)</i>	287,994	0	(164,764)	123,230
Total Fund Balances	\$2,100,084	\$664,684	\$840,316	\$3,605,084

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 4 – ACCOUNTABILITY

At June 30, 2013, the following funds had a deficit fund balance:

<u>Funds</u>	<u>Amounts</u>
Title I	\$89,064
Special Education, Part B-IDEA	33,052
Title II - A, Improving Teacher Quality	15,829
Public School Preschool	26,819

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

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
5. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$159,475
Adjustments:	
Revenue Accruals	(67,646)
Expenditure Accruals	240,127
Encumbrances	(549,733)
Transfers	(25,000)
Net Decrease in Fair Value of Investments - Fiscal Year 2013	23,829
Net Decrease in Fair Value of Investments - Fiscal Year 2012	(6,307)
Perspective Differences	112,760
Budget Basis	<u><u>(\$112,495)</u></u>

NOTE 6 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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 or Ohio Local Governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the Washington-Nile Local School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$3,110,044 of the School District's bank balance of \$3,363,239 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

Investments: As of June 30, 2013, the School District had the following investments:

	Fair Value	Investment Maturities Less Than 1 Year	Investment Maturities (in Years) 1 - 5	Call Date	S&P Rating	Percent of Total Investments
Federal Home Loan Bank Bonds	\$590,664	\$0	\$590,664	8/28/2013	AA+	21.79%
Federal Home Loan Mortgage Corporation Bonds	394,508	0	394,508	1/23/2014	AA+	36.34%
Negotiable Certificates of Deposit	745,518	0	745,518	----	----	27.51%
STAR Ohio	389,351	389,351	0	----	AAAm	14.36%
Totals	\$2,120,041	\$389,351	\$1,730,690			100.00%

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

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

NOTE 7 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012, and are collected in calendar year 2012 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Scioto County. The Scioto County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 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 which are measurable as of June 30, 2013, 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 inflows – property taxes.

The amount available as an advance at June 30, 2013, was \$112,530 in the General Fund, \$13,897 in the Bond Retirement Fund, and \$1,942 in Nonmajor Governmental Funds. The amount available as an advance at June 30, 2012 was \$104,587 in the General Fund, \$12,945 in the Bond Retirement Fund, and \$1,807 in Nonmajor Governmental Funds.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources-unavailable revenue.

The assessed values upon which fiscal year 2013 taxes were collected are:

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$77,581,460	95.32%	\$78,822,540	95.01%
Public Utility Personal	3,812,750	4.68%	4,138,810	4.99%
Total Assessed Value	<u>\$81,394,210</u>	<u>100.00%</u>	<u>\$82,961,350</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$28.81		\$28.31	

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 8 – RECEIVABLES

Receivables at June 30, 2013, consisted of accounts, property taxes, 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. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Ohio School Facilities Commission Grant monies will be collected over the life of the construction of the new facility.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities:</u>	
Miscellaneous Reimbursements	\$66,632
Early Childhood Education	19,899
Special Education, IDEA-B	30,364
Title I	69,470
Title II - A, Improving Teacher Quality	11,501
Title VI-B, Rural and Low Income	2,638
Ohio School Facilities Commission	<u>239,772</u>
Total Intergovernmental Receivables	<u><u>\$440,276</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, 2013

NOTE 9 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2013, was as follows:

	Balance at 6/30/12	Additions	Deletions	Balance at 6/30/13
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$1,852,309	\$0	\$0	\$1,852,309
Construction in Progress	0	641,140	0	641,140
Total Capital Assets Not Being Depreciated	1,852,309	641,140	0	2,493,449
Capital Assets Being Depreciated:				
Land Improvements	2,403,545	11,540	0	2,415,085
Buildings and Improvements	36,954,961	50,017	0	37,004,978
Furniture, Fixtures and Equipment	2,874,207	12,924	0	2,887,131
Vehicles	1,260,703	0	0	1,260,703
Total Capital Assets Being Depreciated	43,493,416	74,481	0	43,567,897
Less Accumulated Depreciation:				
Land Improvements	(1,040,412)	(269,654)	0	(1,310,066)
Building and Improvements	(7,870,639)	(765,280)	0	(8,635,919)
Furniture, Fixtures and Equipment	(1,504,336)	(135,050)	0	(1,639,386)
Vehicles	(907,679)	(23,798)	0	(931,477)
Total Accumulated Depreciation	(11,323,066)	(1,193,782) *	0	(12,516,848)
Total Capital Assets Being Depreciated, Net	32,170,350	(1,119,301)	0	31,051,049
Governmental Activities Capital Assets, Net	\$34,022,659	(\$478,161)	\$0	\$33,544,498

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$503,500
Special	132,629
Vocational	8,170
Support Services:	
Pupils	54,950
Instructional Staff	43,960
Administration	71,434
Fiscal	16,485
Operation and Maintenance of Plant	72,020
Pupil Transportation	32,796
Operation of Non-Instructional Services:	
Food Service Operations	139,738
Extracurricular Activities	118,100
Total Depreciation Expense	<u>\$1,193,782</u>

NOTE 10 – 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.

Employee Medical and Dental Benefits

The School District participates in the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool (Note 16), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District’s behalf.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Workers' Compensation

For fiscal year 2013, the School District participated in the Ohio Bureau of Workers' Compensation 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 11 – DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer pension plan. SERS provides retirement, 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 may be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

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, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 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, 2013, 2012, and 2011 were \$208,030, \$203,734, and \$70,016, respectively. The full amount has been contributed for fiscal years 2013, 2012, and 2011.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

State Teachers Retirement System of Ohio

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

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.

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. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, 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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$876,973, \$756,116, and \$878,536, respectively. For fiscal year 2013, 85.22 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions to STRS Ohio for the DC Plan and for fiscal year 2013 were \$3,216 made by the School District and \$2,297 made by the plan members. In addition, member contributions of \$4,366 were made for fiscal year 2013 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, 2013, all five members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 – 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 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$31,114 in surcharge.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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, 2013, 2012, and 2011 were \$33,655, \$32,568, and \$18,537, respectively. The full amount has been contributed for fiscal years 2013, 2012, and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$11,751, \$12,032, and \$4,506, respectively. The full amount has been contributed for fiscal years 2013, 2012, and 2011.

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 2013, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$67,459, \$58,163, and \$67,580, respectively. For fiscal year 2013, 85.22 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

NOTE 13 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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.

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 Optimal Health Initiatives Consortium, 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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 14 – LONG-TERM OBLIGATIONS

The changes in the School District’s long-term obligations during the fiscal year 2013 were as follows:

	Principal Outstanding 6/30/12	Additions	Deductions	Principal Outstanding 6/30/13	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
2001 Refunding Classroom Facilities					
Serial Bonds 3.3% to 5%	\$500,000	\$0	\$0	\$500,000	\$140,000
Original Issue Capital					
Appreciation Bonds	31,552	0	31,552	0	0
Accretion on Capital					
Appreciation Bonds	132,622	0	132,622	0	0
2013 HB 264 Energy					
Conservation Bonds	0	745,000	0	745,000	64,855
Total General Obligation Bonds	664,174	745,000	164,174	1,245,000	204,855
Compensated Absences	343,747	44,407	156,435	231,719	130,386
Total Governmental Activities Long-Term Obligations	<u>\$1,007,921</u>	<u>\$789,407</u>	<u>\$320,609</u>	<u>\$1,476,719</u>	<u>\$335,241</u>

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. 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.

2013 House Bill 264 School Energy Conservation Bonds – On January 7, 2013, the School District issued \$745,000 in School Energy Conservation Bonds through the House Bill 264 School Energy Conservation Financing Program administered by the Ohio School Facilities Commission. The proceeds will be used to make energy saving improvements to the School. The Bonds were issued for a ten-year period with final maturity at February 1, 2023. The bonds will be retired from the Debt Service Fund.

Compensated absences will be paid from the Termination Benefits Fund.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

The School District’s overall legal debt margin was \$7,631,206 with an unvoted debt margin of \$82,961, and an Energy Conservation debt margin of \$1,652 at June 30, 2013.

Principal and interest requirements to retire the outstanding debt obligations at June 30, 2013, are as follows:

Fiscal year	Serial Bonds	Serial Bonds	Energy	Energy	
Ending	Principal	Interest	Conservation	Conservation	Total
June 30,			Bonds Principal	Bonds Interest	
2014	\$140,000	\$21,033	\$64,855	\$21,472	\$247,360
2015	145,000	14,192	67,220	19,108	245,520
2016	150,000	6,963	69,170	17,158	243,291
2017	65,000	1,625	71,177	15,151	152,953
2018	0	0	73,241	13,087	86,328
2019-2023	0	0	399,337	32,305	431,642
Total	\$500,000	\$43,813	\$745,000	\$118,281	\$1,407,094

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

NOTE 15 – INTERFUND ACTIVITY

Transfers made during the fiscal year ended June 30, 2013, were as follows:

	Transfers From
	General Fund
Transfers To	
Nonmajor	
Governmental Funds	<u>\$28,904</u>

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. A transfer was made from the General Fund to the Nonmajor Governmental Funds to support student activities.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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

Jointly Governed Organizations

South Central Ohio Computer Association Council of Governments (SCOCACoG)

The School District is a participant in the South Central Ohio Computer Association Council of Governments (SCOCACoG), which is organized under ORC Code Chapter 167 as a regional council of governments. SCOCACoG is an association of public Educational Service Centers within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Educational Service Centers. The governing board of SCOCACoG consists of two representatives from each county in the SCOCACoG service region designated by the Ohio Department of Education and two representatives of the school treasurers. The Board exercises total control over the operations of SCOCACoG including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid SCOCACoG \$151,104 for services provided during the fiscal year. Financial information can be obtained from the SCOCA Council of Governments, Sandra Benson, Fiscal Officer, at P.O. Box 596, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

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 Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting and designing management. Each School District's degree of control is limited to its representation on the Board. The School District's membership fee was \$325 for fiscal year 2013.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

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. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designing management. Each School District's degree of control is limited to its representation on the Board. 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.

Southern Ohio Academy

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

Public Entity Shared Risk Pool

Optimal Health Initiatives Consortium

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

Insurance Purchasing Pool

Ohio Bureau of Workers’ Compensation Group Retrospective Rating Program

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

NOTE 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 acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information identifies the change in the fiscal year-end set-aside amount for capital acquisitions. Disclosure of this information is required by State statute.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

	<u>Capital Acquisitions</u>
Set-aside Reserve Balance as of June 30, 2013	\$0
Current Fiscal Year Set-aside Requirement	257,694
Current Fiscal Year Offsets	(303,264)
Qualifying Disbursements	(39,514)
Set-aside Reserve Balance as of June 30, 2013	<u>(\$85,084)</u>
Required Set-aside Balances Carried Forward to FY 2014	<u><u>\$0</u></u>

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

NOTE 18 – SIGNIFICANT COMMITMENTS

Contractual Commitments

The School District contracted for the construction of a new middle school. The outstanding construction commitments at June 30, 2013, are:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/13</u>
Vista Consulting Group	\$770,500	\$641,140	\$129,360
DCK North America LLC	826,340	806,567	19,773
Total	<u>\$1,596,840</u>	<u>\$1,447,707</u>	<u>\$149,133</u>

Encumbrances

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

General Fund	\$549,733
Nonmajor Governmental Funds	155,043
Total	<u><u>\$704,776</u></u>

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 19 – CONTINGENCIES

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the affect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

Litigation

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

NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2013, the School District has implemented Governmental Accounting Standard Board (GASB) *Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements,”* *Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,”* *Statement No. 65, “Items Previously Reported as Assets and Liabilities,”* and *Statement No. 66, “Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62.”*

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in the School District’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in the School District’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District’s fiscal year 2013 financial statements.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in the School District’s financial statements.

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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	2012/2013	10.555	\$ 32,393	\$ 32,393
Cash Assistance:				
School Breakfast Program	2012/2013	10.553	125,645	125,645
National School Lunch Program	2012/2013	10.555	340,546	340,546
Summer Food Service Program	2012/2013	10.559	11,205	11,205
Cash Assistance Subtotal			<u>477,396</u>	<u>477,396</u>
Total Child Nutrition Cluster			<u>509,789</u>	<u>509,789</u>
Total U.S. Department of Agriculture			509,789	509,789
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2012	84.010	99,685	103,753
	2013		608,489	599,764
Total Title I Grants to Local Educational Agencies			<u>708,174</u>	<u>703,517</u>
Special Education - Grants to States	2012	84.027	41,610	43,797
	2013		266,650	261,723
Total Special Education - Grants to States			<u>308,260</u>	<u>305,520</u>
Education Technology State Grants	2012	84.318	2,288	2,293
Rural Education	2012	84.358	7,142	7,349
	2013		23,767	23,760
Total Rural Education			<u>30,909</u>	<u>31,109</u>
Improving Teacher Quality State Grants	2012	84.367	16,569	18,129
	2013		121,342	119,776
Total Improving Teacher Quality State Grants			<u>137,911</u>	<u>137,905</u>
Education Jobs Fund	2012	84.410	91,694	92,561
Total U.S. Department of Education			<u>1,279,236</u>	<u>1,272,905</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,789,025</u>	<u>\$ 1,782,694</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, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 18, 2014, wherein we noted the School District has adopted Governmental Accounting Standards Board Statement Nos. 63 and 65.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

March 18, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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:

Report on Compliance for Each Major Federal Program

We have audited the Washington-Nile Local School District's, Scioto County, Ohio (the School District), compliance with the applicable 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 Washington-Nile Local School District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

March 18, 2014

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Title I Grants to Local Educational Agencies – CFDA # 84.010 • Special Education Grants to States – CFDA #84.027 	
<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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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INDEPENDENT AUDITOR'S 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, 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 May 16, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

Columbus, Ohio

March 18, 2014

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Dave Yost • Auditor of State

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 1, 2014**