

Washington-Nile Local School District

Scioto County

Single Audit

July 1 , 2000 Through June 30, 2001

Fiscal Year Audited Under GAGAS: 2001

BALESTRA & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Members of the Board
Washington-Nile Local School District
15332 U.S. Highway 52
West Portsmouth, OH 45663

We have reviewed the Independent Auditor's Report of the Washington-Nile Local School District, Scioto County, prepared by Balestra & Company, for the audit period July 1, 2000 to June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

December 26, 2001

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

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Members of the Board

Washington-Nile Local School District

15332 U.S. Highway 52

West Portsmouth, Ohio 45663

We have audited the accompanying general-purpose financial statements of the Washington-Nile Local School District, Scioto County, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Washington-Nile Local School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Washington-Nile Local School District, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2001, on our consideration of the Washington-Nile Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of federal awards expenditures is presented for purposes of 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 not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

As described in Note 3 to the general-purpose financial statements, the School District implemented Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Governmental Accounting Standards Board Statement No. 36, *Recipient Reporting for Certain Shared Non-exchange Revenues* (an amendment of GASB Statement No. 33).

Balestra & Company

Balestra & Company

October 9, 2001

Washington-Nile Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 For the Year Ended June 30, 2001

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND
	General Fund	Special Revenue	Debt Service	Capital Projects	Enterprise
<i>Assets and Other Debits:</i>					
<i>Assets:</i>					
Equity in Pooled Cash & Cash Equivalents	\$833,877	\$596,921	\$103,498	\$39,973	\$69,420
Cash and Cash Equivalents In Segregated Accounts	0	0	0	564,321	0
Investments	1,137,891	0	0	0	0
Receivables:					
Taxes	908,822	17,737	154,162	0	0
Accounts	3,892	10,546	0	937,500	83
Intergovernmental	4,147	238,576	0	72,000	47
Accrued Interest	72,550	0	0	452	0
Inventory Held for Resale	0	230	0	0	7,607
Materials and Supplies Inventory	40,062	0	0	0	4,779
Prepaid Items	20,434	0	0	0	0
<i>Restricted Assets:</i>					
Equity in Pooled Cash/Cash Equivalents	69,833	0	0	0	0
Cash/Cash Equivalents In Segregated Accts	0	0	0	8,051	0
Fixed Assets	0	0	0	0	464,172
Accumulated Depreciation	0	0	0	0	(106,013)
<i>Other Debits:</i>					
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0	0
Total Assets and Other Debits	\$3,091,508	\$864,010	\$257,660	\$1,622,297	\$440,095
<i>Liabilities, Fund Equity and Other Credits:</i>					
<i>Liabilities:</i>					
Accounts Payable	\$136,273	\$12,958	\$0	\$5,144	\$3,336
Accrued Wages and Benefits	696,852	177,050	0	0	36,589
Compensated Absences Payable	12,581	0	0	0	5,950
Retainage Payable	0	0	0	8,051	0
Intergovernmental Payable	142,426	32,145	0	0	14,996
Deferred Revenue	851,436	204,882	144,148	0	3,755
Undistributed Monies	0	0	0	0	0
Capital Leases Payable	0	0	0	0	0
Energy Conservation Loan Program	0	0	0	0	0
Asbestos Removal Loan Payable	0	0	0	0	0
General Obligation Bonds Payable	0	0	0	0	0
Total Liabilities	1,839,568	427,035	144,148	13,195	64,626
<i>Fund Equity and Other Credits:</i>					
Investment in General Fixed Assets	0	0	0	0	0
Contributed Capital	0	0	0	0	421,201
Retained Earnings:					
Unreserved	0	0	0	0	(46,782)
Fund Balances:					
Reserved:					
Reserved for Encumbrances	87,725	7,392	0	132,714	1,050
Reserved for Inventory	40,062	0	0	0	0
Reserved for Property Taxes	57,386	1,431	10,014	0	0
Reserved for Textbooks/Inst. Material	9,251	0	0	0	0
Reserved for Bus Purchases	60,582	0	0	0	0
Unreserved:					
Undesignated	759,744	428,152	103,498	1,476,388	0
Designated	237,190	0	0	0	0
Total Fund Equity/Other Credits	1,251,940	436,975	113,512	1,609,102	375,469
Total Liabilities, Fund Equity & Other Credits	\$3,091,508	\$864,010	\$257,660	\$1,622,297	\$440,095

See accompanying notes to the general-purpose financial statements

FIDUCIARY FUND TYPES	ACCOUNT GROUPS		Total (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
Trust and Agency			
\$40,327	\$0	\$0	\$1,684,016
48,404	0	0	612,725
0	0	0	1,137,891
0	0	0	1,080,721
998	0	0	953,019
0	0	0	314,770
4,120	0	0	77,122
0	0	0	7,837
0	0	0	44,841
0	0	0	20,434
0	0	0	69,833
0	0	0	8,051
0	31,341,017	0	31,805,189
0	(6,106,339)	0	(6,212,352)
0	0	94,617	94,617
0	0	3,887,737	3,887,737
<u>\$93,849</u>	<u>\$25,234,678</u>	<u>\$3,982,354</u>	<u>\$35,586,451</u>

\$1,627	\$0	\$0	\$159,338
9,610	0	0	920,101
0	0	548,145	566,676
0	0	0	8,051
994	0	57,292	247,806
0	0	0	1,204,221
23,179	0	0	23,179
0	0	1,500,000	1,500,000
0	0	151,450	151,450
0	0	50,467	50,467
0	0	1,675,000	1,675,000
35,410		3,982,354	6,506,336
0	25,234,678	0	25,234,678
0	0	0	421,201
0	0	0	(46,782)
0	0	0	228,881
0	0	0	40,062
0	0	0	68,831
0	0	0	9,251
0	0	0	60,582
58,439	0	0	2,826,221
0	0	0	237,190
<u>58,439</u>	<u>25,234,678</u>	<u>0</u>	<u>29,080,115</u>
<u>\$93,849</u>	<u>\$25,234,678</u>	<u>\$3,982,354</u>	<u>\$35,586,451</u>

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Washington-Nile Local School District
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 2001

	GOVERNMENTAL FUND TYPES				FIDUCIARY	Totals
	General Fund	Special Revenue	Debt Service	Capital Projects	FUND TYPE Expendable Trust	(Memorandum Only)
<i>Revenues:</i>						
Intergovernmental	\$7,432,130	\$1,951,653	\$28,788	\$235,732	\$0	\$9,648,303
Interest	224,483	0	0	2,274	5,101	231,858
Tuition and Fees	653,546	0	0	0	0	653,546
Rent	10	0	0	0	0	10
Extracurricular Activities	0	152,923	0	0	0	152,923
Gifts and Donations	0	0	0	250	7,175	7,425
Property & Other Local Taxes	962,653	22,956	160,500	0	0	1,146,109
Miscellaneous	39,150	16	0	0	0	39,166
<i>Total Revenues</i>	<u>9,311,972</u>	<u>2,127,548</u>	<u>189,288</u>	<u>238,256</u>	<u>12,276</u>	<u>11,879,340</u>
<i>Expenditures:</i>						
Current:						
Instruction:						
Regular	3,814,843	638,757	0	0	0	4,453,600
Special	823,465	782,198	0	0	0	1,605,663
Vocational	86,020	0	0	0	0	86,020
Other	245,177	0	0	0	9,400	254,577
Support services:						
Pupils	574,958	259,220	0	93,131	0	927,309
Instructional Staff	351,181	278,395	0	0	0	629,576
Board of Education	60,933	0	0	0	0	60,933
Administration	807,070	12,417	0	0	0	819,487
Fiscal	197,025	0	4,513	0	0	201,538
Operation and Maintenance of Plant	1,018,515	12,984	0	0	0	1,031,499
Pupil Transportation	780,305	2,703	0	0	0	783,008
Non-Instructional Services						
Extracurricular activities	108,147	154,754	0	0	0	262,901
Capital Outlay	240,830	970	0	618,459	0	860,259
Debt Service						
Principal Retirement	0	0	88,612	0	0	88,612
Interest Payment	0	0	117,376	0	0	117,376
<i>Total Expenditures</i>	<u>9,108,469</u>	<u>2,142,398</u>	<u>210,501</u>	<u>711,590</u>	<u>9,400</u>	<u>12,182,358</u>
Excess of Revenues Over (Under) Expenditures	<u>203,503</u>	<u>(14,850)</u>	<u>(21,213)</u>	<u>(473,334)</u>	<u>2,876</u>	<u>(303,018)</u>
<i>Other Financing Sources and (Uses):</i>						
Operating Transfers In	21,394	141,675	37,549	168,570	0	369,188
Proceeds from Sale of Fixed Assets	1,471	0	0	0	0	1,471
Inception of Capital Lease	0	0	0	1,500,000	0	1,500,000
Operating Transfers Out	(367,654)	(20,441)	0	(1,093)	0	(389,188)
<i>Total Other Financing Sources (Uses)</i>	<u>(344,789)</u>	<u>121,234</u>	<u>37,549</u>	<u>1,667,477</u>	<u>0</u>	<u>1,481,471</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(141,286)</u>	<u>106,384</u>	<u>16,336</u>	<u>1,194,143</u>	<u>2,876</u>	<u>1,178,453</u>
Fund Balance at Beginning of Year (As Restated in Note 21)	1,386,534	330,591	97,176	414,959	55,563	2,284,823
Increase in Reserve for Inventory	6,692	0	0	0	0	6,692
Fund Balance at End of Year	<u>\$1,251,940</u>	<u>\$436,975</u>	<u>\$113,512</u>	<u>\$1,609,102</u>	<u>\$58,439</u>	<u>\$3,469,968</u>

See accompanying notes to the general-purpose financial statements

Washington-Nile Local School District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances - Budget and Actual (Budget Basis)
 Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 2001

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<i>Revenues:</i>						
Intergovernmental	\$7,375,362	\$7,375,362	\$0	\$2,023,845	\$2,023,845	\$0
Interest	178,078	178,007	(71)	0	0	0
Tuition and Fees	653,138	653,188	50	0	0	0
Rent	10	10	0	0	0	0
Extracurricular Activities	0	0	0	151,987	152,242	255
Gifts and Donations	0	0	0	0	0	0
Property & Other Local Taxes	977,121	977,121	0	23,232	23,232	0
Miscellaneous	16,060	16,145	85	0	0	0
<i>Total Revenues</i>	<i>9,199,769</i>	<i>9,199,833</i>	<i>64</i>	<i>2,199,064</i>	<i>2,199,319</i>	<i>255</i>
<i>Expenditures:</i>						
<i>Current:</i>						
<i>Instruction:</i>						
Regular	3,749,952	3,738,132	11,820	835,786	687,784	148,002
Special	882,524	835,151	47,373	833,652	797,932	35,720
Vocational	96,991	91,540	5,451	0	0	0
Other	240,857	240,857	0	0	0	0
<i>Support services:</i>						
Pupils	589,581	573,599	15,982	347,780	276,796	70,984
Instructional Staff	369,670	358,616	11,054	314,086	283,671	30,415
Board of Education	72,016	69,682	2,334	0	0	0
Administration	824,062	818,518	5,544	42,352	11,898	30,454
Fiscal	202,242	200,454	1,788	0	0	0
Operation and Maintenance of Plant	1,058,622	1,042,173	16,449	38,483	12,983	25,500
Pupil Transportation	922,094	832,268	89,826	2,511	2,511	0
Central	0	0	0	1,000	0	1,000
Extracurricular activities	107,925	90,396	17,529	180,440	163,900	16,540
Capital Outlay	268,386	268,381	5	2,746	970	1,776
<i>Debt Service</i>						
Debt Service - Principal	0	0	0	0	0	0
Debt Service - Interest	0	0	0	0	0	0
<i>Total Expenditures</i>	<i>9,384,922</i>	<i>9,159,767</i>	<i>225,155</i>	<i>2,598,836</i>	<i>2,238,445</i>	<i>360,391</i>
Excess of Revenues Over (Under) Expenditures	(185,153)	40,066	225,219	(399,772)	(39,126)	360,646
<i>Other Financing Sources and (Uses):</i>						
Operating Transfers In	21,394	21,394	0	178,723	178,723	0
Proceeds from Sale of Long-Term Notes	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	1,471	1,471	0	0	0	0
Refund of Prior Year Expenditures	25,070	25,070	0	0	0	0
Advances In	13,824	13,824	0	0	0	0
<i>Other Financing Sources</i>						
Operating Transfers Out	367,655	367,654	1	57,489	57,489	0
Advances Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	(305,896)	(305,895)	1	121,234	121,234	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(491,049)	(265,829)	225,220	(278,538)	82,108	360,646
Fund Balances at Beginning of Year	1,648,006	1,648,006	0	450,571	450,571	0
Prior Year Encumbrances Appropriated	381,554	381,554	0	44,151	44,151	0
Fund Balance at end of Year	\$1,538,511	\$1,763,731	\$225,220	\$216,184	\$576,830	\$360,646

See accompanying notes to the general-purpose financial statements

DEBT SERVICE FUND			CAPITAL PROJECTS FUNDS			EXPENDABLE TRUST FUND		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$28,788	\$28,788	\$0	\$178,649	\$178,649	\$0	\$0	\$0	\$0
0	0	0	1,822	1,822	0	2,446	2,678	232
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	250	250	0	7,175	7,175	0
162,623	162,623	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
191,411	191,411	0	180,721	180,721	0	9,621	9,853	232
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	9,400	9,400	0
0	0	0	96,905	93,132	3,773	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	755,252	752,572	2,680	0	0	0
93,125	93,125	0	0	0	0	0	0	0
117,376	117,376	0	0	0	0	0	0	0
210,501	210,501	0	852,157	845,704	6,453	9,400	9,400	0
(19,090)	(19,090)	0	(671,436)	(664,983)	6,453	221	453	232
37,548	37,548	0	168,571	168,571	0	0	0	0
0	0	0	562,500	562,500	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	1,093	1,093	0	0	0	0
0	0	0	13,824	13,824	0	0	0	0
37,548	37,548	0	716,154	716,154	0	0	0	0
18,458	18,458	0	44,718	51,171	6,453	221	453	232
85,040	85,040		13,010	13,010	0	53,866	53,866	0
0	0	0	402,255	402,255	0	0	0	0
\$103,498	\$103,498	\$0	\$459,983	\$466,436	\$6,453	\$54,087	\$54,319	\$232

Washington-Nile Local School District
Statement of Revenues, Expenses
and Changes in Fund Equity
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001

	Enterprise
<i>Operating Revenues:</i>	
Sales	\$273,374
Other Revenues	17,081
	290,455
Total Operating Revenues	290,455
<i>Operating Expenses:</i>	
Salaries	206,774
Fringe Benefits	136,819
Purchased Services	5,407
Materials and Supplies	21,698
Cost of Sales	251,021
Depreciation	19,154
Other	544
	641,417
Total Operating Expenses	641,417
Operating Loss	(350,962)
<i>Non-Operating Revenues:</i>	
Federal Donated Commodities	54,376
Interest	47
Federal and State Subsidies	264,605
	319,028
Total Non-Operating Revenues	319,028
Operating Transfer In	20,000
	(11,934)
Net Loss	(11,934)
Retained Earnings at Beginning of Year	(33,798)
	(45,732)
Retained Earnings at End of Year	(45,732)
Contributed Capital at Beginning of Year	421,201
Capital Contributions During the Year	0
	421,201
Contributed Capital at End of Year	421,201
Total Fund Equity at End of Year	\$375,469

See accompanying notes to the general-purpose financial statements

Washington-Nile Local School District
Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001

	Enterprise
<i>Cash Flows form Operating Activities:</i>	
Cash Received form Customers	\$290,462
Cash Payments to Suppliers for Goods and Services	(225,371)
Cash Payments to Employee Salaries	(183,578)
Cash Payments for Employee Benefits	(140,031)
Net Cash Used for Operating Activities	(258,518)
<i>Cash Flows from Noncapital Financing Activities:</i>	
Operating Grants Received	264,605
Transfer from General Fund	20,000
Net Increase in Cash and Cash Equivalents	26,087
Cash and Cash Equivalents at Beginning of Year	43,333
Cash and Cash Equivalents at End of Year	\$69,420
<i>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</i>	
Operating Loss	(\$350,962)
<i>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</i>	
Depreciation	19,154
Donated Commodities Received During Year	54,376
Interest	47
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	6
(Increase) in Intergovernmental Receivable	(47)
(Increase) in Inventory Held for Resale	(918)
(Increase) in Materials and Supplies Inventory	(3,234)
Increase in Accounts Payable	3,336
(Decrease) in Deferred Revenue	(260)
Increase in Accrued Wages	14,137
(Decrease) in Compensated Absences Payable	(20)
Increase in Intergovernmental Payable	5,867
Total Adjustments	92,444
Net Cash Used for Operating Activities	(\$258,518)

See accompanying notes to the general-purpose financial statements

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 1 - Description of the School District and Reporting Entity

Washington-Nile Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by 68 noncertified and 127 certificated full time teaching personnel who provide services to 1,734 students and other community members.

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

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

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying general-purpose financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

Parent Teacher/Booster Associations The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

Washington & Nile Townships The Washington and Nile Townships are separate body politic and corporation. The Clerks and Trustees are elected independent of any District relationships and administer the provision of traditional township services. The Board of Trustees acts as the taxing and budgeting authority for these townships services.

The School District is associated with three jointly governed organizations and one public insurance purchasing pool. These organizations are discussed in Note 17 to the general-purpose financial statements. These organizations are:

Jointly Governed Organization:

South Central Ohio Computer Association (SCOCA)
Scioto County Joint Vocational School District
Scioto County Regional Council of Governments

Public Insurance Purchasing Pool:

Ohio School Boards Association Workers' Compensation Group Rating Plan

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies

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

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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.

Special Revenue Funds Special revenue funds are used to account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Funds Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Type Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

Enterprise Funds Enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term obligations related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

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. Available means that the resources will be collected 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 District, available means expected to be received within sixty days of fiscal year end.

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

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue.

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

Estimated Resources By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

C. Budgetary Data (Continued)

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

To improve cash management, all cash received (except for certain Capital Funds and certain Trust Funds) by the School District Treasurer is pooled. Monies for all funds except for the above mentioned exception, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2001, investments were limited to STAROhio, federal agency securities, certificates of deposit and commercial paper.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase and nonnegotiable certificates of deposit are reported at cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Cash and Investments (Continued)

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, classroom facilities and building capital project funds, expendable trust fund, and food service proprietary fund during fiscal year 2001 amounted to \$231,905.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These bearing depository accounts are presented on the combined balance sheet as "cash and cash equivalent in segregated accounts" since they are not required to be deposited into the School District treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expended when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, 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 year in which services are consumed.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the governmental funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. The School District maintains a capitalization threshold of five hundred dollars. 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. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group and the proprietary fund types are depreciated. Depreciation is computed using the straight-line method over the estimated useful life of the asset. Improvements to fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

H. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

I. 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified employees after 20 years of current service with the School District and for certified employees and administrators after 20 years of service.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources. Bonds, notes and capital leases are recognized as a liability of the general long-term obligations account group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

K. Bond Premiums and Discounts

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a textbooks/instructional materials reserve and school bus purchase reserve. The textbooks/instructional materials reserve is required by State statute. The monies set aside for the school bus purchase reserve can only be used for the purchase of buses.

During the fiscal year 2001, the School District held retainage monies for the construction of a High School Athletic Complex. Retainage amounts at June 30, 2001, have been restricted and are presented as "Cash/Cash Equivalents in Segregated Accounts" on the balance sheet.

N. Designation of Fund Balance

The School District designates fund balance for money set aside to establish a budget stabilization.

O. 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.

P. Fund Balance Reserves

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years. The requirement for the establishment of a Budget Stabilization Reserve set-aside has been eliminated by Senate Bill 345. A School District may still establish reserve balance accounts consistent with Section 5705.13 R.C., if it so chooses; however, the requirement is no longer mandatory. According to Senate Bill 345, any money on hand in a school district's budget reserve set aside as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future fiscal years. The statute also authorized the school district to use all or part of the funds formerly included in the budget reserve for the purpose of providing the district's portion of the basic project costs of any project undertaken in accordance with Chapter 3318, R.C., Classroom Facilities.

Senate Bill 345 places special conditions on any Bureau of Workers' Compensation (BWC) monies remaining in the budget reserve set aside as of April 10, 2001. Any portion of the budget reserve set-aside consisting of refunds or rebates from BWC that were previously required by law to be deposited into the budget reserve may be used solely for the following purposes:

- , To offset a budget deficit
- , For school facility construction, renovation or repair;
- , For textbooks or instructional materials, including science equipment or laboratories;
- , For the purchase of school buses; or
- , For professional development of teachers.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 2 - Summary of Significant Accounting Policies (Continued)

P. Fund Balance Reserves (Continued)

BWC refunds or rebates received after April 10, 2001 are not required to be deposited into the school district's budget reserve.

The School District has elected to establish the Budget Stabilization Reserve in accordance with Senate Bill 345 and 5705.13 R.C.

Accounts established under 5705.13 are reported as designated fund balance since they are established at the discretion of the governing board. The School District designated \$237,190 for Budget Stabilization. The designation for Budget Stabilization may be reduced or eliminated at any time by the taxing authority.

The following information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 2000	\$ 32,307	\$ (3,006,817)	\$ 180,813	\$ (2,793,697)
Current Year Set-aside Requirement	\$ 169,132	\$ 169,132	\$ 56,377	\$ 394,641
Current Year Offsets	\$ 0	\$ (233,332)	\$ 0	\$ (233,332)
Reduction in Budget Stabilization based on Statutory Revisions	\$ 0	\$ 0	\$ (237,190)	\$ (237,190)
Qualifying Disbursements	\$ (192,188)	\$ (614,414)	\$ 0	\$ (806,602)
Total	\$ 9,251	\$ (3,685,431)	\$ 0	\$ (3,676,180)
Cash Balance Carried Forward to FY 2002	\$ 9,251	\$ 0	\$ 0	\$ 9,251

The School District had offset and qualifying disbursements during the year that reduced the set-aside amounts below zero in the Capital Acquisition Reserve. These extra amounts may be carried forward and used to reduce the set-aside requirements of future years.

Q. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the District did not prepare financial statements in accordance with GAAP prior to fiscal year 1993, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 3 - Changes in Accounting Principles

For fiscal year 2001, the School District has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and GASB Statement No. 36, *Recipient Reporting for Certain Shared Non-exchange Revenue*, (an amendment of GASB Statement No. 33). The implementation of GASB Statements No. 33 and 36 had no effect on fund balance at June 30, 2000.

Note 4 - Accountability and Compliance

A. Fund Deficits

The following funds had deficit fund balance/retained earnings at June 30, 2001:

	<u>Deficit Fund Balance/ Retained Earnings</u>
Special Revenue Fund: Title II	\$ (140)
Enterprise Fund: Food Service	\$(46,782)

The deficit in the Title II special revenue fund and Food Service enterprise fund were created by the application of accounting principles generally accepted in the United States of America. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of accounting principles generally accepted in the United States of America (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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Funds are 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:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types(GAAP basis).
4. Proceeds from and principal payment on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 5 - Budgetary Basis of Accounting (Continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	(\$141,286)	\$106,384	\$16,336	\$1,194,143	\$2,876
Revenue Accruals	(73,246)	108,819	2,122	(995,034)	(2,423)
Expenditure Accruals	226,573	(113,003)	0	(10,080)	1,000
Encumbrances	(277,870)	(20,092)	0	(137,858)	(1,000)
Budget Basis	<u>(\$265,829)</u>	<u>\$82,108</u>	<u>\$18,458</u>	<u>\$51,171</u>	<u>\$453</u>

Note 6 - Deposits and Investments

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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 two 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 accounts, including passbook accounts.

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

Interim monies 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 General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 6 - Deposits and Investments (Continued)

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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,

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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand At year end, the School District had no undeposited cash on hand.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits At year end, the carrying amount of the School District's deposits were \$2,181,870 and the bank balance was \$2,469,026 of the bank balance:

1. \$316,719 was covered by federal depository insurance; and
2. \$2,152,307 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 6 - Deposits and Investments (Continued)

Investments The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category			Carrying Value	Fair Value
	1	2	3		
Fed Home Loan Bonds	\$599,063			\$599,063	\$599,063
Fed Nat'l Mgt Bonds	\$240,450			240,450	240,450
Commercial Paper	\$298,378			298,378	298,378
STAROhio				192,755	192,755
Total Investments				\$1,330,646	\$1,330,646

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Propriety and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash & Cash Equivalents	Investments
GASB Statement 9 Investments of the Cash Management Pool:	\$2,374,625	\$ 1,137,891
STAROhio	(192,755)	192,755
GASB Statement 3	\$2,181,870	\$ 1,330,646

Note 7 - Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 7 - Property Taxes (Continued)

Public utility property taxes are assessed on tangible personal property at twenty-five percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value. The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$45,375,070	88.60 %	\$45,793,210	88.00 %
Public Utility Personal	4,123,220	8.05	4,167,000	8.00
Tangible Personal Property	1,717,140	3.35	2,067,110	4.00
Total	\$51,215,430	100.00 %	\$52,027,320	100.00 %
 Tax rate per \$1,000 of assessed valuation	\$29.31		\$29.31	

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. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001 was \$68,831 and is recognized as revenue. \$57,386 was available to the general fund, special revenue \$1,431 and \$10,014 was available to the debt service fund. At June 30, 2000, \$85,697 was available to the School District. \$71,853 was available to the general fund, \$1,707 special revenue and \$12,137 was available to the debt service fund.

Note 8 - Receivables

Receivables at June 30, 2001, consisted of taxes, accounts (fees), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 8 - Receivables (Continued)

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
General Fund:	
Intergovernmental	\$4,147
Total General Fund	4,147
Special Revenue Funds:	
Alternative School Grant	3,167
Title I	121,363
Goals 2000	114,046
Total Special Revenue Funds	238,576
Capital Project Fund	
Video Distance Learning	72,000
Total Capital Project Fund	72,000
Enterprise Fund:	
Food Service	47
Total Enterprise Fund	47
Total Intergovernmental Receivables	\$314,770

Note 9 - Fixed Assets

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$464,172
Less: Accumulated Depreciation	(106,013)
Net Fixed Assets	\$358,159

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Balance 6/30/00	Additions	Deductions	Balance 6/30/01
Land and Improvements	\$1,643,174	\$214,805	\$0	\$1,857,979
Buildings	23,465,952	647,408	0	24,113,360
Textbooks & Software	642,405	168,864	127	811,142
Vehicles	1,099,073	147,416	96,967	1,149,522
Furniture and Equipment	3,252,545	217,029	60,560	3,409,014
Totals	30,103,149	\$1,395,522	\$157,654	31,341,017
Less: Accumulated Depreciation	(5,304,125)			(6,106,339)
Net General Fixed Assets	\$24,799,024			\$25,234,678

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2001, the School District contracted with UTICA National Insurance for commercial property, boiler, commercial crime, commercial inland marine and commercial auto coverage. The boiler coverage is comprehensive with a \$1,000 deductible. The commercial auto coverage has a \$250 deductible for comprehensive and a \$500 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five years.

Professional liability is protected by The Nationwide Insurance Company with a \$1,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible.

Students, teachers and administrative employees participating in student activities (sports and band) are covered under Guarantee Trust Life Insurance Company. The coverage has a \$1,000 accidental death benefit, \$5,000 maximum dismemberment benefit and \$25,000 maximum medical or dental expense benefits for each accident which the individual's personal insurance does not cover or pay. Students are also covered under a catastrophic policy through the Ohio High School Athletic Association.

Performance bond insurance is through Nationwide Insurance. The coverage is based upon position held in the district. The Superintendent and Board Member positions are covered at \$20,000, the Treasurer position is \$50,000 and other employees whom come into contact with money are insured between \$1,000 - \$10,000 based upon their position.

There have been no significant reductions in insurance coverage from last year.

B. Employee Medical Benefits

The School District is a member of the Scioto County Schools Council of Government to provide employee medical/surgical benefits. The Scioto County Schools Council is a shared risk pool comprised of eleven Scioto County school districts. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board for Base Plus coverage. For fiscal year 2001, the School District's and the employees' premiums were \$880.00 for family coverage and \$341.00 for single coverage per employee per month, respectively.

Dental insurance is also provided by the School District to all employees through the Scioto County Schools Council of Government. For fiscal year 2001, the School District's cost was \$52.00 for family and single coverage per month. Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. Any remaining money on deposit would be distributed to the participating school districts on a prorated basis.

Note 11 - Defined Benefit Pension Plans

A. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 8 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$717,038, \$682,346 and \$644,013, respectively; 83

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 11 - Defined Benefit Pension Plans (Continued)

A. State Teachers Retirement System (Continued)

percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$123,552 represents the unpaid contribution for fiscal year 2001, and is recorded as a liability within the respective funds.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.55 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board.

The School District's contributions to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$180,510, \$171,424, and \$182,241, respectively; 53 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$85,452 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, one member of the Board of Education has elected to pay into Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through year ending June 30, 2000, the Board allocated employer contributions equal to eight percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$57,363 during fiscal 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 12 - Postemployment Benefits (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.5 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$121,202 during the 2001 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000 SERS's net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days. Upon retirement, payment is made at 25 percent of the employee's accumulated sick leave up to a maximum accumulation of 47 days.

As a further incentive to minimize sick leave use, the Board will pay an additional eight days of bonus retirement pay, beyond the cap of 47 days, if in the year of retirement, the individual has used less than eight days of sick leave and the unit member has the maximum sick leave accumulation of 220 days.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to all full-time employees through insurance administrator CoreSource. The Superintendent receives \$50,000 in coverage and all other administrators receive coverage in the amount of \$35,000. Coverage in the amount of \$25,000 is provided for all other full-time certified and noncertified employees.

Note 14 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2001, were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
General Obligation Debt:				
School Improvement Bonds 1994 5.8% to 6.45%	\$1,735,000	\$0	\$60,000	1,675,000
EPA Assistance Asbestos Note 1992 0.00%	55,779	0	5,312	50,467
Promissory Note - H. B. 264 1997 5.36%	174,750	0	23,300	151,450
Other Long-Term Obligations:				
Capital Leases Payable	0	1,500,000	0	1,500,000
Compensated Absences	548,040	41,481	41,376	548,145
Intergovernmental Payable	66,631	57,292	66,631	57,292
Total General Long-Term Obligations	\$2,580,200	\$1,598,773	\$196,619	\$3,982,354

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 14 - Long-Term Obligations (Continued)

On July 23, 1997, the School District issued a ten year \$233,000 note for the purpose of implementing energy conservation measures under the provisions of H.B. 264 at the middle school. This note is backed by the full faith and credit of the School District and the note will be repaid with general funds.

On October 7, 1998, the School District was notified by the Ohio School Facilities Commission that the School District's responsibility for repaying the classroom facilities loan had changed upon the approval of a building maintenance plan. In any year in which the School District's adjusted valuation per pupil is less than the state-wide median, no repayment would be required. In lieu of the repayment, the School District would be required to set aside the proceeds of the half-mill levy for facilities repair and maintenance. In any year in which the School District's per pupil valuation increases above the state-wide median, half of the levy proceeds will have to be used to repay the debt with the remaining half used for repairs and maintenance. During 2001 no repayment was required.

Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid. EPA Asbestos note and the H. B. 264 Energy Conservation promissory note will be paid from funds transferred from the general fund.

The School District's voted legal debt margin was \$4,682,459 with an unvoted debt margin of \$52,027 at June 30, 2001. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	65,000	104,534	169,534
2003	70,000	100,315	170,315
2004	75,000	95,784	170,784
2005	80,000	90,860	170,860
2006	85,000	85,815	170,815
2007-2011	500,000	344,425	844,425
2012-2016	645,000	157,410	802,410
2017	155,000	10,230	165,230
Total	<u>\$1,675,000</u>	<u>\$989,373</u>	<u>\$2,664,373</u>

Principal requirements to retire the asbestos note outstanding at June 30, 2001 are as follows:

Fiscal Year Ending June 30,	Principal
2002	5,312
2003	5,312
2004	5,312
2005	5,312
2006	5,312
2007-2011	23,907
Total	<u>\$50,467</u>

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 14 - Long-Term Obligations (Continued)

Principal and interest requirements to retire the H.B. 264 Energy Conservation promissory note outstanding at June 30, 2001 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	23,300	7,704	31,004
2003	23,300	6,471	29,771
2004	23,300	5,238	28,538
2005	23,300	4,006	27,306
2006	23,300	2,773	26,073
2007-2008	34,950	1,849	36,799
Total	<u>\$151,450</u>	<u>\$28,041</u>	<u>\$179,491</u>

Note 15 - Debt Service Fund

Equity in pooled cash and cash equivalents in the Debt Service Fund is shown on the Combined Balance Sheet as \$103,498. The amount available in the Debt Service Fund for retirement of general obligation bonds is shown as \$94,617. The difference, \$8,880 represents accrued interest on the bonds at June 30, 2001.

Note 16 - Capitalized Leases - Lessee Disclosure

The School District has entered into a capital lease for the construction of the high school athletic complex. Construction of the athletic complex has not been completed as of June 30, 2001. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2001:

Fiscal Year Ending June 30,	Long-Term General Obligation
2002	\$216,242
2003	182,479
2004	182,348
2005	182,210
2006	182,066
2007-2011	<u>907,932</u>
Total minimum lease payments	\$1,853,277
Lease: amount representing interest	<u>\$(353,277)</u>
Present value of minimum lease payments	<u>\$1,500,000</u>

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 17 - Jointly Governed Organizations and Public Insurance Purchasing Pools

A. Jointly Governed Organizations

South Central Ohio Computer Association - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Jackson, Brown, Ross, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county elected by majority vote of all charter member school districts within each county, two treasurers elected by majority vote of all charter member school districts, and one representative from the fiscal agent. The School District paid \$20,811 for services provided during the year. Financial information can be obtained from their fiscal agent, Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Scioto County Joint Vocational School - The Scioto County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the county school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Scioto County Joint Vocational School, at P.O. Box 766, Lucasville, Ohio 45648.

Scioto County Regional Council of Governments - The Scioto County Regional Council of Governments, a public entity risk pool, currently operates to provide health insurance coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Several Scioto County school districts have entered into an agreement with the Scioto County Educational Service Center to form the Scioto County Regional Council of Governments. The overall objectives of the council are to formulate and administer a program of health insurance for the benefit of the council members' employees and their dependents, to obtain lower costs for health coverage, and to secure cost control by implementing a program of comprehensive loss control. The Scioto County Regional Council of Governments, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Directors, consisting of superintendents from the participating school districts. Accordingly, the Scioto County Regional Council of Governments is not part of the District and its operations are not included as part of the reporting entity. To obtain financial information, write to the South Central Ohio Educational Service Center at 411 Fourth Street, Portsmouth, Ohio 45662.

B. Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. To obtain financial information, write to the Ohio School Boards Association at 8050 North High Street, Columbus, Ohio 43235-6482.

Note 18 - State School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 18 - State School Funding Decision (Continued)

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In, general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of October 9, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

Note 19 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. Litigation

The School District is party to legal proceedings. The School District's management is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Note 20 - Subsequent Events

A. Contractual Commitments

As of August 23, 2001 the district had contracted with the following contractors to construct the High School Athletic Complex:

<u>Company</u>	<u>Contract</u>	<u>Amount Remaining on Contract</u>
Portco, Inc.	General	\$480,181
West End Electric, Inc	Electrical	270,900
BB&E Inc.	Mechanical	130,650
Dave York Sports, Inc.	Bleachers	519,855

B. Bond Recall & Reissue

On July 5, 2001 the 1994 Bonds with maturity dates of 2004 through 2016 were recalled and reissued at an average reduced interest rate of 4.48%. The initial average interest rate of the 1994 Bonds was 6.46%.

Washington-Nile Local School District
Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 21 - Restatement of Fund Balances

Capital Projects Fund 452 School Net Professional Development was reclassified to a Special Revenue Fund per Ohio Revised Code Section 5705.09. This had the following effect on fund balance as it was previously reported as of June 30, 2000.

Capital Projects Fund Balance as Previously Reported	\$415,959
Reclassification	<u>(1,000)</u>
Restated Capital Projects Fund Balance as of June 30, 2000	<u>\$414,959</u>
Special Revenue Fund Balance as Previously Reported	\$329,591
Reclassification	<u>1,000</u>
Restated Special Revenue Fund Balance as of June 30, 2000	<u>\$330,591</u>

Washington-Nile Local School District
Scioto County

Schedule of Federal Awards Expenditures
For the Year Ended June 30, 2001

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	In-Kind Receipts	Disbursements	In-Kind Disbursements
United States Department of Agriculture/						
<i>Passed through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program	NA	10.550	\$0	\$27,922	\$0	\$54,376
National School Breakfast Program	05-PU	10.553	52,162	0	52,162	0
National School Lunch Program	04-PU	10.555	194,649	0	194,649	0
Total United States Department of Agriculture - Nutrition Cluster			246,811	27,922	246,811	54,376
United States Department of Labor						
<i>Passed through Shawnee State University</i>						
Appalachian Vocational & Other Educational School to Work	NA	17.249	2,285	0	2,285	0
Total United States Department of Labor			2,285	0	2,285	0
United States Department of Health & Human Services						
<i>Passed through State Board of MRDD</i>						
Community Alternative Fund System	NA	93.778	19,912	0	19,912	0
Total United States Department of Health & Human Services			19,912	0	19,912	0
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
Title 1 Grants to Local Educational Agencies	C1-S1	84.010	643,444	0	639,025	0
Title VIB Special Education - Grants to States	6B-SF	84.027	97,825	0	94,839	0
Safe & Drug Free Schools	DR-S1	84.186	16,769	0	14,323	0
Goals 2000	G2-S2	84.276	27,000	0	18,791	0
Eisenhower Professional Development Program	MS-S1	84.281	14,195	0	20,505	0
Innovative Education Program Strategies	C2-S1	84.298	10,951	0	10,951	0
Reading Excellence	RN-S2	84.338	42,000	0	23,538	0
Title VI-R Grant 1999-2000	CR-S1	84.340	94,898	0	76,839	0
Total Passed through the Ohio Department of Education			947,082	0	898,811	0
<i>Passed through Franklin County Educational Service Center</i>						
Ohio Javits Project	NA	84.206	0	0	12	0
<i>Passed through Scioto County Joint Vocational School District</i>						
21st Century Grant	NA	84.287	9,678	0	9,678	0
Total United States Department of Education			956,760	0	908,501	0
Total Federal Financial Assistance			\$1,225,768	\$27,922	\$1,177,509	\$54,376

NA - No pass through entity number was available.

See Notes to the Schedule of Federal Awards Expenditures

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

*Notes to Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2001*

NOTE A - - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - - FOOD DISTRIBUTIONS

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

NOTE C - - LOANS OUTSTANDING

Program Title	Federal CFDA Number	Amount Outstanding
Asbestos School Hazard Abatement Reauthorization Act of 1990	66.XXX	\$50,467

BALESTRA & COMPANY

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Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Members of the Board
Washington-Nile Local School District
15332 U.S. Highway 52
West Portsmouth, Ohio 45663

We have audited the general-purpose financial statements of Washington-Nile Local School District, as of and for the year ended June 30, 2001, in which we indicated the District had changed its method of accounting for nonexchange transactions, and have issued our report thereon dated October 9, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Washington-Nile Local School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Washington-Nile Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over the financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information and use of the audit committee, management, members of the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Balestra & Company

Balestra & Company

October 9, 2001

BALESTRA & COMPANY

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Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Members of the Board

Washington-Nile Local School District

15332 U.S. Highway 52

West Portsmouth, Ohio 45663

Compliance

We have audited the compliance of Washington-Nile Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Washington-Nile Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Washington-Nile Local School District's management. Our responsibility is to express an opinion on Washington-Nile Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Washington-Nile Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Washington-Nile Local School District's compliance with those requirements.

In our opinion, Washington-Nile Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of Washington-Nile Local School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit we considered Washington-Nile Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Members of the Board
Washington-Nile Local School District
Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulation, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, members of the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Balestra & Company
Balestra & Company

October 9, 2001

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
SCIOTO COUNTY, OHIO
JUNE 30, 2001

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster CFDA# 10.550, 10.553 & 10.555, 21 st Century Grant CFDA# 84.287
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
SCIOTO COUNTY
JUNE 30, 2001

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

Finding Number	None
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3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	None
CFDA Title and Number	
Federal Award Number/Year	
Federal Agency	
Pass-Through Agency	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WASHINGTON-NILE LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 8, 2002**