



Mary Taylor, CPA  
Auditor of State



**WHEELERSBURG LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Wheelersburg Local School District  
Scioto County  
P. O. Box 340  
Wheelersburg, Ohio 45694

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheelersburg Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheelersburg Local School District, Scioto County, Ohio, as of June 30, 2007, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2008, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

March 20, 2008

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited

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The discussion and analysis of the Wheelersburg Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

- In total, net assets of governmental activities increased \$1,552,547, which represented a significant increase from the prior fiscal year.
- General revenues accounted for \$11,032,967 or 75.76 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$3,529,148 or 24.24 percent of total revenues of \$14,562,115.
- The School District had \$13,009,568 in expenses related to governmental activities; only \$3,529,148 of these expenses were offset by program specific charges for services and sales, grants, contributions, and interest. General revenues (primarily grants and entitlements and property taxes) of \$11,032,967 were more than adequate to provide for these programs.

**Using the Basic Financial Statements**

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

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

***Wheelersburg Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited

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**Reporting the School District as a Whole**

One of the most important questions asked about the School District is “How did we do financially during fiscal year 2007?” The Statement of Net Assets and the Statement of Activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s net assets and changes in those assets. The change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District’s property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District has only one kind of activity:

- Governmental Activities – All of the School District’s educational programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service.

**Reporting the School District’s Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District’s major funds begins on page 10. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds.

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited

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

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

**The School District as a Whole**

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

**Wheelersburg Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2007**  
**Unaudited**

Table 1 provides a summary of the School District's net assets for fiscal years 2007 and 2006:

Table 1 Net Assets			
	Governmental Activities		Increase
	2007	Restated 2006	(Decrease)
<b><u>Assets:</u></b>			
Current Assets	\$30,356,403	\$39,405,423	(\$9,049,020)
Capital Assets	19,094,939	5,167,400	13,927,539
<i>Total Assets</i>	49,451,342	44,572,823	4,878,519
<b><u>Liabilities:</u></b>			
Long-Term Liabilities	10,441,514	10,640,510	(198,996)
Other Liabilities	7,859,674	4,334,706	3,524,968
<i>Total Liabilities</i>	18,301,188	14,975,216	3,325,972
<b><u>Net Assets:</u></b>			
Invested in Capital Assets, Net of Related Debt	18,637,534	4,495,494	14,142,040
Restricted	12,112,838	24,773,572	(12,660,734)
Unrestricted	399,782	328,541	71,241
<i>Total Net Assets</i>	\$31,150,154	\$29,597,607	\$1,552,547

Overall, a significant increase of 10.95 percent occurred within total assets when compared to the prior fiscal year. However, a significant decrease of 22.96 percent occurred within current assets of governmental activities when compared to the prior fiscal year. The only asset account which had a real effect on this decrease was intergovernmental receivables. The primary factor for this decrease is the Classroom Facilities Grant that the School District was awarded for the construction of its new buildings. The School District received a large portion of this grant award and used the majority of the monies to pay for its construction during the fiscal year. Capital assets demonstrated a significant increase due to the continued work of the construction of the School District's new instructional buildings.

Total liabilities also had a significant increase of \$3,325,972 for fiscal year 2007 when compared to the prior fiscal year. This is primarily the result of an increase in contracts payable of \$3,018,549 relating to the construction of the School District's new buildings. In addition, an insignificant decrease occurred within long-term liabilities due to principal payments being made on long-term debt held by the School District.

**Wheelersburg Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2007**  
**Unaudited**

Invested in Capital Assets, Net of Related Debt of governmental activities increased \$14,142,040. This is due primarily to construction in progress additions related to the construction of the School District's new buildings.

Restricted net assets, when viewed alone, did experience a significant decrease of \$12,660,734, or 51.11 percent when compared to the prior fiscal year. When examining the individual components of restricted net assets, those restricted for debt service increased \$32,796 due to the School District expensing fewer monies for interest and fiscal charges related to its debt issuance than in the prior fiscal year. Restricted net assets for capital projects decreased 53.66 percent. This is due to the significant decrease in the intergovernmental receivables asset category relating to the Classroom Facilities Grant. Restricted net assets for other purposes increased \$248,137 due to the School District receiving donations for athletic stadium renovations and receiving property tax revenues for the maintenance of its facilities. As of fiscal year-end, very little of these monies received had been utilized by the School District.

On the other hand, unrestricted net assets had an increase of \$71,241, or 21.68 percent. This is related to the School District receiving greater property tax revenues than in the prior fiscal year.

Table 2 shows the changes in net assets for fiscal years 2007 and 2006.

Table 2  
Change in Net Assets

	Governmental Activities		Increase/ (Decrease)
	2007	2006	
<b><u>Revenues:</u></b>			
Program Revenues:			
Charges for Services and Sales	\$1,785,835	\$1,736,377	\$49,458
Operating Grants, Contributions and Interest	1,647,876	1,605,454	42,422
Capital Grants and Contributions	95,437	6,442	88,995
<i>Total Program Revenues</i>	3,529,148	3,348,273	180,875
General Revenues:			
Property Taxes	3,204,657	3,078,041	126,616
Grants and Entitlements not Restricted to Specific Programs	6,707,842	6,741,508	(33,666)
Contributions and Donations	3,473	4,409	(936)
Investment Earnings	1,092,654	560,555	532,099
Miscellaneous	24,341	91,851	(67,510)
<i>Total General Revenues</i>	11,032,967	10,476,364	556,603
<i>Total Revenues</i>	\$14,562,115	\$13,824,637	\$737,478

*(continued)*

**Wheelersburg Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2007**  
**Unaudited**

Table 2  
Change in Net Assets  
(Continued)

	Governmental Activities		Increase/ (Decrease)
	2007	Restated 2006	
<b><u>Program Expenses:</u></b>			
Instruction:			
Regular	\$6,159,413	\$6,257,106	(\$97,693)
Special	1,026,897	1,042,197	(15,300)
Vocational	3,524	5,349	(1,825)
Student Intervention	107,632	74,058	\$33,574
Support Services:			
Pupils	581,274	548,063	33,211
Instructional Staff	751,487	755,808	(4,321)
Board of Education	73,949	51,512	22,437
Administration	845,537	818,501	27,036
Fiscal	322,835	319,177	3,658
Operation and Maintenance of Plant	984,282	965,780	18,502
Pupil Transportation	516,119	559,240	(43,121)
Central	108,075	138,543	(30,468)
Operation of Non-Instructional Services:			
Food Service Operations	566,578	544,087	22,491
Extracurricular Activities	492,183	407,610	84,573
Interest and Fiscal Charges	431,283	494,501	(63,218)
Intergovernmental	38,500	43,500	(5,000)
<i>Total Expenses</i>	<u>13,009,568</u>	<u>13,025,032</u>	<u>(15,464)</u>
<i>Change in Net Assets</i>	1,552,547	799,605	752,942
<i>Net Assets at Beginning of Year-Restated</i>	<u>29,597,607</u>	<u>28,798,002</u>	<u>799,605</u>
<i>Net Assets at End of Year</i>	<u><u>\$31,150,154</u></u>	<u><u>\$29,597,607</u></u>	<u><u>\$1,552,547</u></u>

Program revenues represent 24.24 percent of total revenues and are primarily represented by tuition and fees, charges for extracurricular activities, food service sales, and restricted intergovernmental revenues.

As stated previously, general revenues represent 75.76 percent of the School District's total revenues, and of this amount, 60.80 percent consists of grants and entitlements not restricted to specific programs. Property taxes and investment earnings make up 29.05 percent and 9.90 percent, respectively, of the balance of the School District's general revenues. Other revenue sources, such as contributions and donations, are insignificant and somewhat unpredictable revenue sources.

**Wheelersburg Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2007**  
**Unaudited**

A comparison of both program revenues and general revenues to the prior fiscal year reveals some changes. The major change occurred within investment earnings, which had an increase of \$532,099. This increase is due to the School District having invested unspent bond proceeds during fiscal year 2007.

The major program expense for governmental activities, as expected, is for instruction, which accounts for 56.09 percent of all governmental expenses. The instruction category, however, does not include all activities associated with educating students as the pupils, instructional staff, and pupil transportation costs have a significant role in delivering education. However, a comparison to the prior fiscal year demonstrates insignificant changes in all areas of expenses.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The Statement of Activities reflects the cost of program services and the charges for services and sales, grants, contributions, and interest offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted State entitlements.

Table 3  
Governmental Activities

	Total Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2007	Net Cost of Services 2006
Instruction	\$7,297,466	\$7,378,710	\$5,095,415	\$5,278,083
Support Services	4,183,558	4,156,624	3,812,291	3,767,552
Operation of Non-				
Instructional Services	566,578	544,087	20,994	2,458
Extracurricular Activities	492,183	407,610	120,437	134,165
Interest and Fiscal Charges	431,283	494,501	431,283	494,501
Intergovernmental	38,500	43,500	0	0
<i>Total Expenses</i>	<u>\$13,009,568</u>	<u>\$13,025,032</u>	<u>\$9,480,420</u>	<u>\$9,676,759</u>

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited

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Once again, the dependence upon tax revenues and unrestricted State entitlements for governmental activities is demonstrated in the above table. 69.82 percent of instruction activities are supported through taxes and other general revenues. 96.29 percent of non-instructional services costs were covered by program revenues. This is primarily due to cafeteria sales, State and federal subsidies, and donated commodities for food service operations. 75.53 percent of extracurricular activities expenses are covered by program revenues. These program revenues are the result of athletic fees, ticket sales, and gate receipts at athletic events. With the substantial reliance on general revenues to maintain the School District's operations, the community's support of the School District's students is critical.

### **The School District's Funds**

Information about the School District's most significant funds starts on page 15. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$30,040,286 and expenditures of \$27,130,942. The net change in fund balance for the fiscal year was most significant in the Construction Capital Projects Fund with an increase of \$2,765,999. This is primarily due to this fund receiving monies from the classroom facilities grant for the construction of new facilities. At fiscal year-end, much of these monies had not yet been expended on the project.

### **General Fund - Budget Highlights**

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

During fiscal year 2007, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A review of the budgetary comparison statement for the General Fund reflects very little change for revenues and expenditures from the original budget to the final budget as well as from the final budget to actual revenues received and actual expenditures made.

The School District's ending unobligated cash balance was \$160 under the final budgeted amount.

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited

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## **Capital Assets and Debt Administration**

### ***Capital Assets***

At the end of fiscal year 2007, the School District had \$19,094,939 invested in capital assets (net of accumulated depreciation), an increase of \$13,927,539. Additions to capital assets included construction in progress related to the construction of new buildings, various maintenance equipment, routine computer and computer related purchases, other educational equipment, and school buses. Disposals for the fiscal year included various maintenance equipment and school buses. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

### ***Debt***

At June 30, 2007, the School District had outstanding general obligation bonds in the amount of \$9,565,000, for the purpose of the Ohio School Facilities Commission project which will replace both school buildings with a single campus. The Classroom Facilities Bond Anticipation Notes were issued for the purpose of constructing a single campus facility. The bonds were issued for a twenty-seven year period, with final maturity in fiscal year 2033. The School District's long-term obligations also include an outstanding premium on the debt issue of \$279,540 and compensated absences. For further information regarding the School District's long-term obligations, refer to Note 14 to the basic financial statements.

### **Current Issues**

The Wheelersburg Local School District consists of one elementary building and one high school building. They were built in 1958 and 1968, respectively. In November 2004, the School District voters approved a 5.4 mill bond issue to fund the required local share (26 percent or \$8,874,000) of an Ohio School Facilities Commission project. The project will replace both school buildings with a single campus facility. Construction of the new building is well underway and the School District plans to open the building on the first day of the 2008-2009 school year.

For the 2006-2007 school year the School District was rated by the Ohio Department of Education as an Effective School District, having satisfied 27 of 30 indicators, which are based on student achievement and Ohio Graduation test performance, student attendance and high school graduation rate. In comparison, the average number of indicators satisfied statewide was 19. The School District's Performance Index was 99 and it met Adequate Yearly Progress (AYP).

***Wheelersburg Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited

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**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact Mr. George Grice, Treasurer, at Wheelersburg Local School District, P.O. Box 340, Wheelersburg, Ohio 45694, or via e-mail at [georgeg@scoca-k12.org](mailto:georgeg@scoca-k12.org).

**Wheelersburg Local School District**

Statement of Net Assets

June 30, 2007

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$8,871,393
Cash and Cash Equivalents with Escrow Agent	395,023
Investments	14,941,330
Materials and Supplies Inventory	64,247
Inventory Held for Resale	3,940
Accrued Interest Receivable	163,097
Intergovernmental Receivable	2,575,933
Prepaid Items	30,546
Property Taxes Receivable	3,164,148
Deferred Charges	146,746
Capital Assets:	
Land	931,568
Construction in Progress	15,643,484
Depreciable Capital Assets, Net	<u>2,519,887</u>
<i>Total Assets</i>	<u>49,451,342</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	82,281
Accrued Wages and Benefits Payable	898,344
Contracts Payable	3,122,517
Retainage Payable	522,406
Intergovernmental Payable	293,838
Accrued Interest Payable	36,146
Deferred Revenue	2,904,142
Long-Term Liabilities:	
Due Within One Year	323,814
Due In More Than One Year	<u>10,117,700</u>
<i>Total Liabilities</i>	<u>18,301,188</u>
<b><u>Net Assets:</u></b>	
Invested in Capital Assets, Net of Related Debt	18,637,534
Restricted for:	
Debt Service	68,811
Capital Projects	11,472,943
Other Purposes	571,084
Unrestricted	<u>399,782</u>
<i>Total Net Assets</i>	<u><u>\$31,150,154</u></u>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2007

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
<b><u>Governmental Activities:</u></b>					
Instruction:					
Regular	\$6,159,413	\$1,206,623	\$198,985	\$0	(\$4,753,805)
Special	1,026,897	0	794,777	0	(232,120)
Vocational	3,524	0	1,666	0	(1,858)
Student Intervention	107,632	0	0	0	(107,632)
Support Services:					
Pupils	581,274	19,926	137,728	0	(423,620)
Instructional Staff	751,487	34,625	154,445	0	(562,417)
Board of Education	73,949	0	0	0	(73,949)
Administration	845,537	0	0	0	(845,537)
Fiscal	322,835	0	0	0	(322,835)
Operation and Maintenance of Plant	984,282	0	2,960	0	(981,322)
Pupil Transportation	516,119	0	12,876	8,707	(494,536)
Central	108,075	0	0	0	(108,075)
Operation of Non-Instructional Services:					
Food Service Operations	566,578	266,864	278,720	0	(20,994)
Extracurricular Activities	492,183	257,797	27,219	86,730	(120,437)
Interest and Fiscal Charges	431,283	0	0	0	(431,283)
Intergovernmental	38,500	0	38,500	0	0
<b>Total Governmental Activities</b>	<b>\$13,009,568</b>	<b>\$1,785,835</b>	<b>\$1,647,876</b>	<b>\$95,437</b>	<b>(9,480,420)</b>

**General Revenues:**

Property Taxes Levied for:	
General Purposes	2,458,635
Debt Service	624,614
Capital Outlay	67,018
Facility Maintenance	54,390
Grants and Entitlements not Restricted to Specific Programs	6,707,842
Contributions and Donations	3,473
Investment Earnings	1,092,654
Miscellaneous	24,341
<b>Total General Revenues</b>	<b>11,032,967</b>
<b>Change in Net Assets</b>	<b>1,552,547</b>
<b>Net Assets at Beginning of Year - Restated (Note 3)</b>	<b>29,597,607</b>
<b>Net Assets at End of Year</b>	<b>\$31,150,154</b>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**

Balance Sheet

Governmental Funds

June 30, 2007

	General	Construction	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$1,870,415	\$6,024,903	\$967,368	\$8,862,686
Investments	0	14,941,330	0	14,941,330
Receivables:				
Property Taxes	2,427,332	0	736,816	3,164,148
Intergovernmental	0	2,311,461	264,472	2,575,933
Accrued Interest	8,198	154,899	0	163,097
Interfund	27,767	0	0	27,767
Prepaid Items	8,234	15,712	6,600	30,546
Materials and Supplies Inventory	64,247	0	0	64,247
Inventory Held for Resale	0	0	3,940	3,940
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	8,707	0	0	8,707
Cash and Cash Equivalents with Escrow Agent	0	395,023	0	395,023
<i>Total Assets</i>	<u>\$4,414,900</u>	<u>\$23,843,328</u>	<u>\$1,979,196</u>	<u>\$30,237,424</u>
<b><u>Liabilities:</u></b>				
Accounts Payable	\$59,542	\$0	\$22,739	\$82,281
Accrued Wages and Benefits Payable	762,355	0	135,989	898,344
Contracts Payable	63,861	3,058,656	0	3,122,517
Retainage Payable from Restricted Assets	0	395,023	0	395,023
Retainage Payable	9,553	117,830	0	127,383
Intergovernmental Payable	259,316	0	34,522	293,838
Interfund Payable	0	0	27,767	27,767
Deferred Revenue	2,314,056	2,317,686	913,049	5,544,791
<i>Total Liabilities</i>	<u>3,468,683</u>	<u>5,889,195</u>	<u>1,134,066</u>	<u>10,491,944</u>
<b><u>Fund Balances:</u></b>				
Reserved for Encumbrances	253,936	17,661,669	83,591	17,999,196
Reserved for Property Taxes	108,168	0	34,332	142,500
Reserved for Bus Purchases	8,707	0	0	8,707
Unreserved:				
Designated for Future Severance Payments	167,767	0	0	167,767
Unreserved, Undesignated, Reported in:				
General Fund	407,639	0	0	407,639
Special Revenue Funds	0	0	256,816	256,816
Debt Service Fund	0	0	335,351	335,351
Capital Projects Funds	0	292,464	135,040	427,504
<i>Total Fund Balances</i>	<u>946,217</u>	<u>17,954,133</u>	<u>845,130</u>	<u>19,745,480</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,414,900</u>	<u>\$23,843,328</u>	<u>\$1,979,196</u>	<u>\$30,237,424</u>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2007

**Total Governmental Fund Balances** \$19,745,480

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

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

Land	931,568	
Construction in progress	15,643,484	
Other capital assets	8,600,910	
Accumulated depreciation	<u>(6,081,023)</u>	
Total capital assets		19,094,939

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

Delinquent property taxes	101,611	
Intergovernmental	2,524,867	
Interest	<u>14,171</u>	
		2,640,649

Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis. 146,746

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

Bonds payable	(9,565,000)	
Bond premium	(279,540)	
Accrued interest on bonds	(36,146)	
Compensated absences	<u>(596,974)</u>	
Total liabilities		<u>(10,477,660)</u>

**Net Assets of Governmental Activities** \$31,150,154

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2007

	General	Construction	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>				
Property Taxes	\$2,493,610	\$0	\$745,573	\$3,239,183
Intergovernmental	6,455,745	15,562,527	1,769,205	23,787,477
Investment Earnings	121,613	900,261	44,199	1,066,073
Increase in Fair Value of Investments	5,821	13,934	0	19,755
Tuition and Fees	1,206,623	0	0	1,206,623
Extracurricular Activities	0	0	277,723	277,723
Customer Sales and Service	34,625	0	266,864	301,489
Contributions and Donations	1,200	0	116,422	117,622
Miscellaneous	24,319	0	22	24,341
<b>Total Revenues</b>	<b>10,343,556</b>	<b>16,476,722</b>	<b>3,220,008</b>	<b>30,040,286</b>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	5,527,569	0	500,785	6,028,354
Special	471,694	0	528,484	1,000,178
Vocational	3,524	0	0	3,524
Student Intervention	6,733	0	100,656	107,389
Support Services:				
Pupils	407,835	0	165,424	573,259
Instructional Staff	560,608	0	164,163	724,771
Board of Education	73,949	0	0	73,949
Administration	817,474	0	0	817,474
Fiscal	300,615	0	15,538	316,153
Operation and Maintenance of Plant	949,549	0	22,759	972,308
Pupil Transportation	506,682	0	4,566	511,248
Central	101,596	0	0	101,596
Operation of Non-Instructional Services:				
Food Service Operations	0	0	560,773	560,773
Extracurricular Activities	191,787	0	270,769	462,556
Capital Outlay	226,647	13,960,285	0	14,186,932
Debt Service:				
Principal Retirement	0	0	215,000	215,000
Interest and Fiscal Charges	0	0	436,978	436,978
Intergovernmental	38,500	0	0	38,500
<b>Total Expenditures</b>	<b>10,184,762</b>	<b>13,960,285</b>	<b>2,985,895</b>	<b>27,130,942</b>
Excess of Revenues Over Expenditures	158,794	2,516,437	234,113	2,909,344
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers In	0	249,562	18,490	268,052
Transfers Out	(18,490)	0	(249,562)	(268,052)
<b>Total Other Financing Sources (Uses)</b>	<b>(18,490)</b>	<b>249,562</b>	<b>(231,072)</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>140,304</b>	<b>2,765,999</b>	<b>3,041</b>	<b>2,909,344</b>
<b>Fund Balances at Beginning of Year</b>	<b>805,913</b>	<b>15,188,134</b>	<b>842,089</b>	<b>16,836,136</b>
<b>Fund Balances at End of Year</b>	<b>\$946,217</b>	<b>\$17,954,133</b>	<b>\$845,130</b>	<b>\$19,745,480</b>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2007

**Net Change in Fund Balances - Total Governmental Funds** \$2,909,344

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

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

Capital asset additions	162,968	
Construction in progress additions	14,055,515	
Depreciation expense	(266,742)	
Excess of capital outlay over depreciation expense	13,951,741	13,951,741

The disposal of capital assets resulted in a loss on disposal of capital assets in the Statement of Activities. (24,202)

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

Delinquent property taxes	(34,526)	
Intergovernmental	(15,456,479)	
Interest	12,834	
	(15,478,171)	(15,478,171)

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

Bond payments	215,000
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Governmental funds report premiums and bond issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Amortization of bond issuance costs	(5,699)	
Amortization of bond premium	10,856	
	5,157	5,157

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

Increase in compensated absences payable	(26,860)	
Decrease in accrued interest payable	538	
Total (increase)/decrease	(26,322)	(26,322)

**Change in Net Assets of Governmental Activities** \$1,552,547

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		Actual	Variance
	Original	Final		Positive (Negative)
<b><u>Revenues:</u></b>				
Property Taxes	\$2,189,519	\$2,468,580	\$2,468,580	\$0
Intergovernmental	7,130,961	6,417,245	6,417,245	0
Investment Earnings	82,528	121,573	121,573	0
Tuition and Fees	1,170,912	1,207,096	1,206,623	(473)
Customer Sales and Service	34,700	34,625	34,625	0
Contributions and Donations	0	1,200	1,200	0
Miscellaneous	2,000	1,089	9,880	8,791
<i>Total Revenues</i>	<u>10,610,620</u>	<u>10,251,408</u>	<u>10,259,726</u>	<u>8,318</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	5,815,336	5,660,600	5,659,967	633
Special	616,659	473,728	473,728	0
Vocational	5,762	3,524	3,524	0
Student Intervention	38,645	5,268	5,268	0
Support Services:				
Pupils	423,428	408,035	408,035	0
Instructional Staff	563,954	569,938	569,938	0
Board of Education	63,793	70,304	70,304	0
Administration	827,722	827,985	827,985	0
Fiscal	301,935	306,676	306,676	0
Operation and Maintenance of Plant	999,214	979,067	979,067	0
Pupil Transportation	528,833	540,784	540,784	0
Central	110,129	109,231	109,231	0
Extracurricular Activities	180,211	191,787	191,787	0
Capital Outlay	38,097	378,634	378,634	0
<i>Total Expenditures</i>	<u>10,513,718</u>	<u>10,525,561</u>	<u>10,524,928</u>	<u>633</u>
Excess of Revenues Over (Under) Expenditures	<u>96,902</u>	<u>(274,153)</u>	<u>(265,202)</u>	<u>8,951</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Sale of Capital Assets	1,600	0	0	0
Refund of Prior Year Expenditures	1,000	14,439	14,439	0
Transfers In	12,502	0	0	0
Transfers Out	(489,906)	(18,490)	(18,490)	0
Advances In	70,552	70,552	61,761	(8,791)
Advances Out	(55,000)	(57,767)	(57,767)	0
Refund of Prior Year Receipts	0	(41)	(41)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(459,252)</u>	<u>8,693</u>	<u>(98)</u>	<u>(8,791)</u>
<i>Net Change in Fund Balance</i>	<u>(362,350)</u>	<u>(265,460)</u>	<u>(265,300)</u>	<u>160</u>
<i>Fund Balance at Beginning of Year</i>	1,473,554	1,473,554	1,473,554	0
<i>Prior Year Encumbrances Appropriated</i>	<u>296,715</u>	<u>296,715</u>	<u>296,715</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,407,919</u>	<u>\$1,504,809</u>	<u>\$1,504,969</u>	<u>\$160</u>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2007

	Private Purpose Trust	Agency
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$335,118	\$23,657
Accrued Interest Receivable	491	0
<i>Total Assets</i>	335,609	\$23,657
<b><u>Liabilities:</u></b>		
Undistributed Monies	0	\$23,657
<b><u>Net Assets:</u></b>		
Held in Trust for Scholarships	\$335,609	

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended June 30, 2007

	Private Purpose Trust
	Scholarships
<b><u>Additions:</u></b>	
Gifts and Contributions	\$6,425
Increase in Fair Value of Investments	3,833
Interest	11,931
<i>Total Additions</i>	22,189
<b><u>Deductions:</u></b>	
Payments in Accordance with Trust Agreements	8,500
<i>Change in Net Assets</i>	13,689
<i>Net Assets at Beginning of Year</i>	321,920
<i>Net Assets at End of Year</i>	\$335,609

See accompanying notes to the basic financial statements

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**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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

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

The School District was established in 1859 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 17 square miles. It is located in Scioto County, and includes most of Porter Township. It is staffed by 52 non-certificated employees, 98 certificated full-time teaching personnel and seven administrative employees who provide services to 1,465 students and other community members. The School District currently operates two instructional buildings, one administrative building, and one garage.

*Reporting Entity:*

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

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

The School District participates in five organizations, two of which are defined as jointly governed organizations, two as insurance purchasing pools, and one as a public entity shared risk pool. These organizations are the South Central Ohio Computer Association, the Pilasco-Ross Special Education Regional Resource Center, the Ohio School Boards Association Workers’ Compensation Group Rating Plan, the Ohio School Plan, and the Scioto County Schools Council. These organizations are presented in Notes 16, 17 and 18 to the basic financial statements.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted 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 governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**A. Basis of Presentation**

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

*Government-wide Financial Statements*

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

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

*Fund Financial Statements*

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid 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. The funds of the School District fall within two categories: governmental and fiduciary.

*Governmental Funds:*

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

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

Construction Fund - The Construction Fund is used to account for all intergovernmental monies, debt proceeds and interest received and expended in connection with the contracts entered into by the School District and the Ohio School Facilities Commission for the building and equipping of new classroom facilities.

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

*Fiduciary Funds:*

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

*Wheelersburg Local School District*  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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

**C. Measurement Focus**

*Government-wide Financial Statements*

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

*Fund Financial Statements*

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

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

**D. Basis of Accounting**

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

*Revenues - Exchange and Non-exchange Transactions*

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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

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

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

*Deferred 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, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

*Expenses/Expenditures*

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

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

*Wheelersburg Local School District*  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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

**E. Budgetary Process**

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board of Education. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board of Education.

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

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

**F. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled for investment with the exception of the proceeds of bonds and grant monies related to the new facilities construction project. Monies for all other funds are maintained in the pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The proceeds of bonds and grant monies for the construction project are maintained in the Construction Fund and are presented as "Investments" on the financial statements. The School District also has amounts in escrow accounts to hold retainage amounts still owed to contractors. These amounts are presented as "Restricted Assets: Cash and Cash Equivalents with Escrow Agent" on the financial statements.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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

During fiscal year 2007, the School District's investments were limited to Federal Home Loan Mortgage Corporation Discount Notes, Federal National Mortgage Association Discount Notes, Federal National Mortgage Association Notes, Federal Home Loan Bank Bonds, Federal Home Loan Bank Consolidation Bonds, Federal Home Loan Bank Call Step Bonds, and the State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2007.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2007 amounted to \$121,613, which includes \$44,986 assigned from other School District funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

**G. Inventory**

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

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**I. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent unspent grant proceeds required to be used by the School District for the purchase of buses. Restricted assets in the Construction Capital Projects Fund represent monies held in an escrow account that is still owed to contractors for work completed relating to the school construction project.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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

**J. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand 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.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	30 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	5 - 12 years
Textbooks	10 years

**K. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable” and “Interfund Payable”. These amounts are eliminated in the governmental activities column of the Statement of Net Assets.

**L. Compensated Absences**

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

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

*Wheelersburg Local School District*  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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

**M. Bond Premiums/Unamortized Issuance Costs**

For governmental activities, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an addition to the face amount of the bond payable whereas issuance costs are presented as Deferred Charges.

On the governmental fund financial statements, the amortization of bond premiums and issuance costs are not reported.

**N. Accrued Liabilities and Long-Term Obligations**

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

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

**O. Internal Activity**

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities.

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

**P. Fund Balance Reserves and Designations**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. The School District also has fund balance designations. Fund balance designations are established to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Fund equity reserves have been established for encumbrances, property taxes, and bus purchases. A designation of fund balance has been established for future severance payments.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

**Q. Net Assets**

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

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

The government-wide Statement of Net Assets reports \$12,112,838 of restricted net assets, none of which are restricted by enabling legislation.

**R. Estimates**

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

**NOTE 3 – RESTATEMENT OF PRIOR FISCAL YEAR NET ASSETS**

A restatement is necessary in the reporting of intergovernmental receivables in the prior fiscal year.

	Governmental Activities
Net Assets, June 30, 2006	<u>\$29,939,275</u>
Restatement of Intergovernmental Receivable	<u>(341,668)</u>
Net Assets, June 30, 2006, as Restated	<u><u>\$29,597,607</u></u>

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 4 – ACCOUNTABILITY**

At June 30, 2007, the Food Service, Poverty Based Aid, and Miscellaneous Federal Grants Special Revenue Funds had deficit fund balances of \$15,699, \$53,616 and \$5,071, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTE 5 – BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 5 – BUDGETARY BASIS OF ACCOUNTING** (continued)

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

Net Change in Fund Balance	
GAAP Basis	\$140,304
Adjustments:	
Revenue Accruals	(63,570)
Expenditure Accruals	37,740
Net Decrease in Fair Value of Investments - Fiscal Year 2006	(9,615)
Net Decrease in Fair Value of Investments - Fiscal Year 2007	3,794
Advances	3,994
Encumbrances	(377,947)
Budget Basis	(\$265,300)

**NOTE 6 – DEPOSITS AND INVESTMENTS**

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

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

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

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 6 – DEPOSITS AND INVESTMENTS** *(continued)*

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in Division (1) or (2) of Ohio Rev. Code Section 135.18;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

**NOTE 6 – DEPOSITS AND INVESTMENTS** (continued)

*Investments:* As of June 30, 2007, the School District had the following investments. All investments are in an internal investment pool except those investments relating to the Construction Fund.

	Fair Value	Investment Maturity
STAROhio	\$6,874,057	Average 39 days

	Investment Maturities (in Years)			Call Date
	Fair Value	Less than 1	1 - 4	
Federal Home Loan Mortgage Corporation				
Discount Notes	\$868,869	\$868,869	\$0	-----
Federal National Mortgage Association				
Discount Notes	1,316,729	1,316,729	0	-----
Federal National Mortgage Association Notes	1,947,381	1,447,691	499,690	-----
Federal National Mortgage Association Notes	399,124	0	399,124	10/3/2007
Federal National Mortgage Association Notes	541,256	0	541,256	6/18/2008
Federal Home Loan Bank Bonds	5,488,925	3,096,709	2,392,216	-----
Federal Home Loan Bank Consolidation Bonds	399,252	0	399,252	11/14/2007
Federal Home Loan Bank Call Step Bonds	499,375	0	499,375	9/28/2007
<i>Totals</i>	\$11,460,911	\$6,729,998	\$4,730,913	

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

*Credit Risk:* The Federal Home Loan Mortgage Corporation Discount Notes, Federal National Mortgage Association Discount Notes, Federal National Mortgage Association Notes, Federal Home Loan Bank Bonds, Federal Home Loan Bank Consolidation Bonds, and Federal Home Loan Bank Call Step Bonds carry a rating of Aaa by Moody's and AAA by Standard and Poor's. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute but does not specifically address credit risk.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 6 – DEPOSITS AND INVESTMENTS** (continued)

*Concentration of Credit Risk:* The School District places no limit on the amount it may invest in any one issuer. The School District's investments in Federal National Mortgage Association Discount Notes, Federal National Mortgage Association Notes, and Federal Home Loan Bank Bonds represent 7.18 percent, 15.75 percent, and 29.94 percent, respectively, of the School District's total investments.

**NOTE 7 – PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, the lien date.

Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006, and are collected in 2007 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 7 – PROPERTY TAXES** *(continued)*

Tangible personal property tax revenue received during calendar year 2007 (other than public utility property tax) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30. This year, however, the June 2007 tangible personal property tax was not received until July 2007.

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, 2007, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2007, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 and the late tangible personal property tax settlement were levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2007, was \$142,500 and is recognized as revenue: \$108,168 in the General Fund, \$29,143 in the Bond Retirement Fund, \$2,698 in the Permanent Improvement Fund, and \$2,491 in the Facility Maintenance Fund. The amount available as an advance at June 30, 2006, was \$126,799 and was recognized as revenue: \$96,192 in the General Fund, \$25,987 in the Bond Retirement Fund, \$2,406 in the Permanent Improvement Fund, and \$2,214 in the Facility Maintenance Fund. The late June personal property tax settlement was recorded as revenue in the General Fund in the amount of \$13,054, in the Bond Retirement Fund in the amount of \$2,397, in the Permanent Improvement Fund in the amount of \$222, and in the Facility Maintenance Fund in the amount of \$222.

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

**NOTE 7 – PROPERTY TAXES** (continued)

The assessed values upon which fiscal year 2007 taxes were collected are:

	2006 Second- Half Collections		2007 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$110,200,350	87.66%	\$113,404,660	87.20%
Public Utility Personal	10,532,120	8.38%	10,644,310	8.19%
General Business Personal	4,981,117	3.96%	5,996,366	4.61%
<i>Total Assessed Value</i>	<u>\$125,713,587</u>	<u>100.00%</u>	<u>\$130,045,336</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$29.91		\$29.91	

**NOTE 8 – RECEIVABLES**

Receivables at June 30, 2007, consisted of property taxes, intergovernmental grants, accrued interest, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivable amounts are expected to be received within one year with the exception of the Classroom Facilities Grant and a portion of the delinquent property taxes. These grant monies will be collected over the life of the construction of the new facilities. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<u>Governmental Activities:</u>	
Classroom Facilities Grant	\$2,311,461
Title I	142,942
IDEA Special Education, Part B	23,177
Title VI-B	11,513
Title II-A	6,427
Drug Free Schools	7,621
CORE Implementation	46,726
National School Lunch and Breakfast Programs	26,066
<i>Total Intergovernmental Receivables</i>	<u>\$2,575,933</u>

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

**NOTE 9 – CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2007, was as follows:

	<u>Balance At</u> <u>6/30/2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance At</u> <u>6/30/2007</u>
<i>Governmental Activities:</i>				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$931,568	\$0	\$0	\$931,568
Construction in Progress	1,587,969	14,055,515	0	15,643,484
<i>Total Capital Assets Not Being Depreciated</i>	<u>2,519,537</u>	<u>14,055,515</u>	<u>0</u>	<u>16,575,052</u>
 <i>Depreciable Capital Assets:</i>				
Land Improvements	489,603	0	0	489,603
Buildings and Improvements	5,096,856	0	0	5,096,856
Furniture, Fixtures and Equipment	1,419,918	100,548	(26,528)	1,493,938
Vehicles	1,036,139	62,420	(33,399)	1,065,160
Textbooks	455,353	0	0	455,353
<i>Total Depreciable Capital Assets</i>	<u>8,497,869</u>	<u>162,968</u>	<u>(59,927)</u>	<u>8,600,910</u>
 <i>Less Accumulated Depreciation:</i>				
Land Improvements	(237,360)	(15,930)	0	(253,290)
Buildings and Improvements	(3,742,929)	(91,808)	0	(3,834,737)
Furniture, Fixtures and Equipment	(908,923)	(84,663)	5,666	(987,920)
Vehicles	(550,977)	(74,341)	30,059	(595,259)
Textbooks	(409,817)	0	0	(409,817)
<i>Total Accumulated Depreciation</i>	<u>(5,850,006)</u>	<u>(266,742) *</u>	<u>35,725</u>	<u>(6,081,023)</u>
 <i>Total Capital Assets Being Depreciated, Net</i>				
	<u>2,647,863</u>	<u>(103,774)</u>	<u>(24,202)</u>	<u>2,519,887</u>
 <i>Governmental Activities Capital Assets, Net</i>				
	<u><u>\$5,167,400</u></u>	<u><u>\$13,951,741</u></u>	<u><u>(\$24,202)</u></u>	<u><u>\$19,094,939</u></u>

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 9 – CAPITAL ASSETS** (continued)

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

Instruction:	
Regular	\$93,708
Special	16,266
Student Intervention	243
Support Services:	
Pupils	3,326
Instructional Staff	11,818
Administration	9,303
Fiscal	2,527
Operation and Maintenance of Plant	25,884
Pupil Transportation	68,601
Central	5,883
Operation of Non-Instructional Services	8,065
Extracurricular Activities	21,118
<i>Total Depreciation Expense</i>	<u><u>\$266,742</u></u>

**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. During fiscal year 2007, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 17). The types and amounts of coverage follow:

Building and Contents Replacement Cost (\$1,000 deductible)	\$27,147,306
Boiler and Machinery (\$1,000 deductible)	27,147,306
Automobile Liability	1,000,000
Auto Medical Payments	5,000
Uninsured Motorists	1,000,000
Ammonia Contamination	250,000
Consequential Loss	250,000
Data and Media	250,000
Hazardous Substance	250,000
Water Damage	250,000

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 10 – RISK MANAGEMENT** *(continued)*

Audio-Visual Equipment (\$1,000 deductible)	\$50,000
Miscellaneous Equipment (\$1,000 deductible)	251,000
Musical Instruments (\$1,000 deductible)	100,000
Electronic Equipment/Media Coverage (\$1,000 deductible):	
Blanket Electronic Equipment	50,000
Blanket Electronic Media	5,000
Blanket Extra Expense	5,000
Blanket Business Income	5,000
In Transit Limit	5,000
Crime Coverage:	
Employee Theft - Per Loss Coverage (\$1,000 deductible)	25,000
Forgery or Alteration (\$1,000 deductible)	25,000
Inside the Premises - Theft of Money and Securities (\$1,000 deductible)	10,000
Outside the Premises - Theft of Money and Securities (\$1,000 deductible)	10,000
Computer Fraud (\$1,000 deductible)	25,000
Equipment Breakdown	
Expediting Expense	250,000
Spoilage Damage	250,000
Utility Interruption	250,000
Newly Acquired Premises	250,000
Ordinance or Law Coverage	250,000
Errors and Omissions	250,000
Brands and Labels	250,000
Contingent Business Income and Extra Expense	250,000
General Liability:	
Bodily Injury and Property Damage Limit - Each Occurrence and Sexual Abuse Injury Limit - Each Sexual Abuse Offense	1,000,000
Personal and Advertising Injury Limit - Each Offense	1,000,000
Loss of Electronic Data Limit - Each Electronic Data Incident	50,000
Fire Damage - Any One Event Limit	500,000
Medical Expense - Any One Person Limit	10,000
Medical Expense - Each Accident Limit	10,000
General Aggregate Limit	3,000,000
Products - Completed Operations Aggregate Limit	1,000,000
Employee Benefits Liability Endorsement:	
Employee Benefits Injury - Each Offense Limit	1,000,000
Employee Benefits Injury - Aggregate Limit	3,000,000
Employer's Liability and Stop Gap Endorsement:	
Bodily Injury by Accident - Each Accident Limit	1,000,000
Bodily Injury by Disease - Endorsement Limit	1,000,000
Bodily Injury by Disease - Each Employee Limit	1,000,000

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 10 – RISK MANAGEMENT** *(continued)*

Educational Legal Liability Coverage (\$2,500 deductible):	
Errors and Omissions Injury Limit	\$1,000,000
Errors and Omissions Injury Aggregate Limit	3,000,000
Employment Practices Injury Limit	1,000,000
Employment Practices Injury Aggregate Limit	3,000,000
Excess Liability Coverage:	
Educational General Liability	
Bodily Injury and Property Damage Limit - Each Occurrence, Each Wrongful Act and Sexual Abuse Injury Limit - Each Sexual Abuse Offense	2,000,000
Personal and Advertising Injury Limit - Each Offense	2,000,000
General Aggregate Limit	2,000,000
Products - Completed Operations Aggregate Limit	2,000,000
Employee Benefits Liability - Claims Made	
Employee Benefits Injury - Each Offense Limit	2,000,000
Employee Benefits Injury - Aggregate Limit	2,000,000
Educational Legal Liability - Claims Made	
Errors and Omissions Injury Limit	2,000,000
Errors and Omissions Injury Aggregate Limit	2,000,000
Employment Practices Injury Limit	2,000,000
Employment Practices Injury Aggregate Limit	2,000,000

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

**B. Employee Medical and Dental Benefits**

The School District is a member of the Scioto County Schools Council, a public entity shared risk pool (Note 18), offering medical and dental insurance to the employees of participating school districts. Monthly premiums are paid to the South Central Ohio Educational Service Center as fiscal agent, who in turns pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the School District shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the plan due up to the date of termination plus extended benefits, if any, provided under the plan. All claims and expenses shall be paid from the funds of the Council.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 10 – RISK MANAGEMENT** *(continued)*

**C. Workers' Compensation**

For fiscal year 2007, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NOTE 11 – DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System (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 Chapter 3309 of the Ohio Revised Code. SERS 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling toll-free (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org), under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 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 a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$156,404, \$157,684, and \$151,935, respectively; 47.62 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 11 – DEFINED BENEFIT PENSION PLANS** *(continued)*

**B. State Teachers Retirement System of Ohio**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$670,273, \$664,497, and \$681,510, respectively; 82.53 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$1,776 made by the plan members and \$1,853 made by the School District.

*Wheelersburg Local School District*  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 12 – POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), 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.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$51,559 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006 (the latest information available), the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$282,743,000 and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$77,679.

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 the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has approximately 59,492 participants eligible to receive health care benefits.

*Wheelersburg Local School District*  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 13 – EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**B. Insurance**

The School District provides life insurance to most employees through SunLife, health and dental insurance through the Scioto County Schools Council, and vision benefits through Vision Service Plan.

**C. Special Termination Benefit Payable**

For fiscal years 2006 to 2008, employees eligible to retire were offered a special termination benefit. A bargaining unit employee who becomes eligible under the Ohio Revised Code Section 3307.38 and elects to take service retirement through STRS and provides the School District with notice by the regular February Board of Education meeting is entitled to receive a one-time lump-sum payment of \$3,500, less payroll withholdings. For the fiscal year ended June 30, 2007, three individuals retired who were eligible for the \$3,500 bonus, all of which were paid before fiscal year-end.

**D. Deferred Compensation**

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

**NOTE 14 – LONG-TERM OBLIGATIONS**

The changes in the School District’s long-term obligations during fiscal year 2007 were as follows:

	Amount Outstanding 6/30/06	Additions	Deductions	Amount Outstanding 6/30/07	Amount Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
2005 Classroom Facilities:					
Term Bonds 5.00%	\$2,805,000	\$0	\$0	\$2,805,000	\$0
Serial Bonds 3.00 to 5.00%	6,975,000	0	215,000	6,760,000	215,000
Premium on Debt Issue	290,396	0	10,856	279,540	0
Compensated Absences	570,114	99,345	72,485	596,974	108,814
<i>Total Governmental Activities</i>					
<i>Long-Term Obligations</i>	<u>\$10,640,510</u>	<u>\$99,345</u>	<u>\$298,341</u>	<u>\$10,441,514</u>	<u>\$323,814</u>

*2005 Classroom Facilities General Obligation Bonds* – On March 15, 2005, the School District issued \$9,968,000 in voted general obligation bonds for the purpose of retiring the Classroom Facilities Bond Anticipation Notes issued December 28, 2004. Current interest bonds were issued in an aggregate principal amount of \$9,968,000. Of these bonds, \$7,163,000 are serial bonds and \$2,805,000 are term bonds. The bonds were issued for a twenty-seven year period with final maturity in December 2032. The bonds will be retired from the Bond Retirement Fund.

The term bonds issued at \$2,805,000 and maturing on December 1, 2032, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

Fiscal Year Ending June 30,	Amount
2029	\$505,000
2030	535,000
2031	560,000
2032	590,000
2033	615,000
Total	<u>\$2,805,000</u>

The serial bonds issued at \$7,163,000, with maturity dates of December 1, 2006, to December 1, 2027, are subject to optional redemption, in whole or in part on any date at the option of the issuer on or after June 1, 2015, at the redemption price of 100 percent.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

**NOTE 14 – LONG-TERM OBLIGATIONS** (continued)

As of June 30, 2007, \$873,260 of the bond proceeds had been spent toward the project.

Compensated absences will be paid from the General Fund and the Food Service, Poverty Based Aid, Title VI-B, Title I, and Title VI-R Special Revenue Funds.

The School District’s overall legal debt margin was \$1,509,115 with an unvoted debt margin of \$123,046 at June 30, 2007.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2007, are as follows:

Classroom Facilities General Obligation Bonds - 2005					
Fiscal Year Ending June 30,	Term Bonds Principal	Term Bonds Interest	Serial Bonds Principal	Serial Bonds Interest	Total
2008	\$0	\$0	\$215,000	\$430,527	\$645,527
2009	0	0	220,000	424,002	644,002
2010	0	0	230,000	417,109	647,109
2011	0	0	235,000	409,638	644,638
2012	0	0	240,000	401,560	641,560
2013-2017	0	0	1,350,000	1,864,380	3,214,380
2018-2022	0	0	1,680,000	1,527,788	3,207,788
2023-2027	0	0	2,105,000	1,089,878	3,194,878
2028-2032	2,190,000	349,000	485,000	152,375	3,176,375
2033	615,000	15,375	0	0	630,375
<i>Totals</i>	<u>\$2,805,000</u>	<u>\$364,375</u>	<u>\$6,760,000</u>	<u>\$6,717,257</u>	<u>\$16,646,632</u>

**NOTE 15 – INTERFUND ACTIVITY**

**A. Interfund Receivables/Payables**

As of June 30, 2007, interfund receivables and payables that resulted from various interfund transactions were as follows:

<b>Payable</b>	Other	<b>Receivable</b>
	Governmental Funds	General Fund
		<u>\$27,767</u>

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

**NOTE 15 – INTERFUND ACTIVITY** *(continued)*

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in receiving grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance.

**B. Interfund Transfers**

Transfers made during the fiscal year ended June 30, 2007, were as follows:

		<b>Transfers From</b>		
		General Fund	Other Governmental Funds	Total
<b>Transfers To</b>	Construction Fund	\$0	\$249,562	\$249,562
	Other			
	Governmental Funds	18,490	0	18,490
<i>Totals</i>		\$18,490	\$249,562	\$268,052

General Fund transfers are made to move unrestricted balances to support programs and projects accounted for in other funds. A transfer was made to the Construction Fund from the Building Capital Projects Fund to cover expenditures related to the construction project.

**NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS**

**A. 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, Brown, Ross, Jackson, Vinton, Pickaway, Gallia 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 in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$20,046 for services provided during the fiscal year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

**NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS** *(continued)*

**B. Pilasco-Ross Special Education Regional Resource Center**

The Pilasco-Ross Special Education Regional Resource Center (SERRC) is a special education service center which represents Lawrence, Pike, Ross and Scioto Counties. The SERRC selects its own governing board, adopts its own budget and receives direct federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of county boards of MR/DD, joint vocational schools, Shawnee State University, and Ross-Pike, Lawrence and South Central Ohio Educational Service Centers, whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The fiscal agent for the SERRC is Dawson-Bryant Local School District. Financial information can be obtained by contacting Gary Dutey, Director of Pilasco-Ross, at the South Central Ohio Educational Service Center at 411 Court Street, Portsmouth, Ohio 45662. As of June 30, 2007 Pilasco-Ross was disbanded and the staff and services were moved to the South Central Ohio Educational Service Center and Ross-Pike Educational Service Center.

**NOTE 17 – INSURANCE PURCHASING POOLS**

**A. Ohio School Boards Association Workers' Compensation Group Rating Plan**

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (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 Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**B. Ohio School Plan**

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a thirteen member Board of Directors consisting of school district superintendents and treasurers, as well as Dave Harcum, an independent consultant of the Hylant Group, Inc., and a partner of the Hylant Group, Inc. The Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 18 – PUBLIC ENTITY SHARED RISK POOL**

**Scioto County Schools Council**

The School District is a member of the Scioto County Schools Council, a public entity shared risk pool. Several Scioto County school districts have entered into an agreement with the South Central Ohio Educational Service Center to form the Scioto County Schools Council. The overall objectives of the Council are to formulate and administer programs of health and dental insurance for the benefit of the Council members' employees and their dependents, to obtain lower costs for health and dental coverage, and to secure cost control by implementing a program of comprehensive loss control. The Council's business and affairs are managed by a Board of Directors, consisting of the superintendents from each of the participating school districts. The School District pays premiums based on what the Council estimates will cover the costs of all claims for which the Council is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Council views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the fiscal agent, South Central Ohio Educational Service Center, 411 Court Street, Portsmouth, Ohio 45662.

**NOTE 19 – SET-ASIDE CALCULATIONS**

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

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

	Textbooks and Instructional Materials	Capital Acquisitions
	<u>                    </u>	<u>                    </u>
Set-aside Reserve Balance as of June 30, 2006	(\$232,075)	(\$198,473)
Current Fiscal Year Set-aside Requirement	205,344	205,344
Current Fiscal Year Offsets	0	(112,543)
Qualifying Disbursements	(419,151)	(407,312)
<i>Totals</i>	<u>(\$445,882)</u>	<u>(\$512,984)</u>
<i>Set-aside Reserve Balance as of June 30, 2007</i>	<u>(\$445,882)</u>	<u>\$0</u>

Although the School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amounts below zero for textbooks and instructional materials and capital acquisitions, only the amount for the textbooks and instructional materials set-aside may be used to reduce the set-aside requirement of future fiscal years.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

**NOTE 20 – CONSTRUCTION COMMITMENTS**

The School District contracted for the design and construction of new buildings and for the construction of a storage building. The outstanding construction commitments at June 30, 2007 are:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At June 30, 2007</u>
Tanner, Stone & Company	\$1,937,822	\$1,607,803	\$330,019
CTL Engineering	87,126	83,640	3,486
J & H Erectors	18,662,412	9,389,104	9,273,308
Key Blue Prints	50,000	36,676	13,324
Stan and Associates	73,924	16,263	57,661
Bovis Lend Lease, Inc.	1,712,689	1,018,810	693,879
Restaurant Equipment Distributors	295,341	175,473	119,868
Brewer & Company of West Virginia	524,000	0	524,000
Mechanical Construction	5,455,467	1,386,460	4,069,007
Building Control Integrators	408,190	0	408,190
West End Electric	3,593,574	1,689,239	1,904,335
Pro-Onsite Technologies	454,000	114,140	339,860
Central Fire Protection	21,547	2,500	19,047
Portland Electric	28,318	0	28,318
Mullins Construction	221,283	123,375	97,908
<i>Totals</i>	<u>\$33,525,693</u>	<u>\$15,643,483</u>	<u>\$17,882,210</u>

**NOTE 21 – CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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, 2007.

**B. Litigation**

At fiscal year-end the School District was not a party to any legal proceeding.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2007

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**NOTE 22 – SUBSEQUENT EVENTS**

After fiscal year-end, the School District signed the following contracts in regards to its construction project:

<u>Contractor</u>	<u>Contract Amount</u>
Valley Electrical Consolidated	\$528,850
Dell Computer	19,442
Tech Depot	126,781
SOTA Technologies	72,095
Four Seasons Environmental	21,121
<i>Totals</i>	<u><u>\$768,289</u></u>

The School District has also entered into an agreement with the Auditor of State for special audit services of the School District's Latchkey Program.

**WHEELERSBURG LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Federal Grantor/ Pass Through Grantor Program Title	Pass-Through Entity's Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Food Donation	N/A	10.550		\$29,059		\$29,059
Child Nutrition Cluster:						
School Breakfast Program	05PU-2006	10.553	\$25,367		\$25,367	
	05PU-2007		72,585		72,585	
Total School Breakfast Program			97,952	0	97,952	0
National School Lunch Program	LLP1-2006	10.555	1,163		1,163	
	LLP1-2007		6,174		6,174	
	LLP4-2006		36,558		36,558	
	LLP4-2007		116,609		116,609	
Total National School Lunch Program			160,504	0	160,504	0
Total Child Nutrition Cluster			258,456	0	258,456	0
Total U.S. Department of Agriculture			258,456	29,059	258,456	29,059
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1S1-2006	84.010	12,410		45,903	
	C1S1-2007		411,398		378,302	
Total Title I Grants to Local Educational Agencies			423,808	0	424,205	0
Special Education-Grants To States	6BSF-2006	84.027	(18,081)		19,539	
	6BSF-2007		351,457		307,427	
Total Special Education-Grants to States			333,376	0	326,966	0
Safe and Drug-Free Schools and Communities-State Grants	DRS1-2006	84.186	(1,682)			
	DRS1-2007		10,227		9,970	
Total Safe and Drug-Free Schools and Communities-State Grants			8,545	0	9,970	0
State Grants for Innovative Programs	C2S1-2007	84.298	2,213		2,213	
Education Technology State Grants	TJS1-2006	84.318	(1,010)		(1)	
	TJS1-2007		5,744		4,464	
Total Education Technology State Grants			4,734	0	4,463	0
Rural Education	RUS1-2006	84.358			42,547	
	RUS1-2007		28,598		30,207	
Total Rural Education			28,598	0	72,754	0
Improving Teacher Quality State Grants	TRS1-2006	84.367	12,975		11,610	
	TRS1-2007		97,475		85,212	
Total Improving Teacher Quality State Grants			110,450	0	96,822	0
Hurricane Education Recovery	HR01-2006	84.938	5,000		5,000	
Total U.S. Department of Education			916,724	0	942,393	0
<b>Total Federal Awards, Receipts and Expenditures</b>			<b>\$1,175,180</b>	<b>\$29,059</b>	<b>\$1,200,849</b>	<b>\$29,059</b>

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

**WHEELERSBURG LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C - FOOD DONATION PROGRAM**

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

**NOTE D - NEGATIVE RECEIPTS**

Special Education Grants to States, CFDA # 84.027, funds in the amount of \$18,081 were carried over from 2006 to 2007, resulting in negative receipts in that amount. Safe and Drug-Free Schools and Communities State Grants, CFDA # 84.186, funds in the amount of \$1,682 were carried over from 2006 to 2007, resulting in negative receipts in that amount. Education Technology State Grants, CFDA # 84.318, funds in the amount of \$1,010 were carried over from 2006 to 2007, resulting in negative receipts in that amount.



# Mary Taylor, CPA

Auditor of State

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

Wheelersburg Local School District  
Scioto County  
P. O. Box 340  
Wheelersburg, Ohio 45694

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheelersburg Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2007, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 20, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the School District's management in a separate letter dated March 20, 2008.

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### **Compliance and Other Matters**

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the School District's management dated March 20, 2008, we reported an other matter related to noncompliance we deemed immaterial.

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 20, 2008



# Mary Taylor, CPA

Auditor of State

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

Wheelersburg Local School District  
Scioto County  
P. O. Box 340  
Wheelersburg, Ohio 45694

To the Board of Education:

### Compliance

We have audited the compliance of the Wheelersburg Local School District, Scioto County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2007. The Summary of Auditor's Results Section of the accompanying Schedule of Findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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 General 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2007.

### Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that the School District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



**Mary Taylor, CPA**  
Auditor of State

March 20, 2008

**WHEELERSBURG LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2007**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Special Education Grants to States - CFDA# 84.027
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None





**Mary Taylor, CPA**  
Auditor of State

**WHEELERSBURG LOCAL SCHOOL DISTRICT**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 15, 2008**