



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

Wheelersburg Local School District  
Scioto County

Single Audit

For the Year Ended June 30, 2013  
Fiscal Year Audited Under GAGAS: 2013





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Wheelersburg Local School District, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

March 24, 2014

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**Wheelersburg Local School District**  
**Basic Financial Statements**  
For the Year Ended June 30, 2013  
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# Balestra, Harr & Scherer, CPAs, Inc.

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## Independent Auditor's Report

Wheelersburg Local School District  
P.O. Box 340  
Wheelersburg, OH 45694

Members of the Board of Education:

## Report on the Financial Statements

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

## Management's Responsibility for the Financial Statements

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

## Auditor's Responsibility

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

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

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

### **Opinion**

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

### **Emphasis of Matter**

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

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary and Other Information*

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

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2013, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and on compliance, and the results of that testing and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 12, 2013

***Wheelersburg Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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The discussion and analysis of the Wheelersburg Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

- In total, Net Position decreased \$1,274,688.
- General revenues accounted for \$10,151,921. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$4,874,726 of total revenues of \$15,026,647.
- The School District had \$16,301,335 in expenses related to governmental activities; only \$4,874,726 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 \$10,151,921 were not adequate to provide for these programs.

**Using the Basic Financial Statements**

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

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

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
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 2013?” The Statement of Net Position and the Statement of Activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s Net Position and changes in net position. The change in Net Position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. 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 Position and the Statement of Activities, the School District has only one kind of activity: governmental activities. Governmental activities report all of the School District’s educational programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service.

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

### **Fund Financial Statements**

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

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

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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

**The School District as a Whole**

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

Table 1 provides a summary of the School District's Net Position for fiscal years 2013 and 2012:

Table 1 Net Position			
	Governmental Activities		Increase
	2013	2012	(Decrease)
<b><u>Assets:</u></b>			
Current Assets	\$8,157,157	\$8,225,951	(\$68,794)
Capital Assets, Net	36,273,504	37,225,289	(951,785)
<b>Total Assets</b>	<b>44,430,661</b>	<b>45,451,240</b>	<b>(1,020,579)</b>
<b><u>Deferred Outflow of Resources</u></b>			
	749,187	0	749,187
<b><u>Liabilities:</u></b>			
Other Liabilities	1,578,668	2,393,793	(815,125)
Long-Term Liabilities	12,563,596	10,902,855	1,660,741
<b>Total Liabilities</b>	<b>14,142,264</b>	<b>13,296,648</b>	<b>845,616</b>
<b><u>Deferred Inflow of Resources</u></b>			
	3,226,432	3,068,752	157,680
<b><u>Net Position:</u></b>			
Net Investment in Capital Assets	25,190,766	26,471,727	(1,280,961)
Restricted	2,414,991	2,994,233	(579,242)
Unrestricted	205,395	(380,120)	585,515
<b>Total Net Position</b>	<b>\$27,811,152</b>	<b>\$29,085,840</b>	<b>(\$1,274,688)</b>

Overall, a decrease of \$1,020,579 occurred within Total Assets when compared to the prior fiscal year. The School District completed the renovations of the athletic complex during fiscal year 2013 and the prior year construction in progress was recorded as a depreciable asset.

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

Overall, Capital Assets, Net decreased due to current year depreciation exceeded current year additions.

Total Liabilities increased \$845,616 for fiscal year 2013 when compared to the prior fiscal year. Other liabilities decreased primarily due to decreases in contracts and retainage payable related to completing the renovations to the athletic complex during fiscal year 2013. Long-term liabilities increased due to additional draw downs of lease proceeds throughout the year for ongoing renovations to the athletic complex.

Net Investment in Capital Assets decreased \$1,280,961 as a result of the increase in lease liability related to the renovations of the athletic complex.

Restricted Net Position experienced a decrease of \$579,242 when compared to the prior fiscal year, mostly due to the School District spending monies associated with the School District's school building project as part of the Ohio School Facilities Commission close out process.

Unrestricted Net Position increased \$585,515 as a result of negative Net Position in several funds due mostly to the renovations of the athletic complex that occurred during fiscal year 2012 but did not occur during fiscal year 2013.

Table 2 shows the changes in Net Position for fiscal years 2013 and 2012.

Table 2  
Change in Net Position

	Governmental Activities		Increase/ (Decrease)
	2013	2012	
<b><u>Revenues:</u></b>			
Program Revenues:			
Charges for Services and Sales	\$2,806,568	\$2,563,870	\$242,698
Operating Grants, Contributions and Interest	2,033,158	2,015,598	17,560
Capital Grants and Contributions	35,000	26,600	8,400
<i>Total Program Revenues</i>	<u>4,874,726</u>	<u>4,606,068</u>	<u>268,658</u>
General Revenues:			
Property Taxes	3,481,062	3,515,737	(34,675)
Grants and Entitlements not Restricted to Specific Programs	6,560,553	6,479,778	80,775
Contributions and Donations	13,006	10,561	2,445
Investment Earnings	17,428	42,038	(24,610)
Miscellaneous	79,872	33,385	46,487
<i>Total General Revenues</i>	<u>10,151,921</u>	<u>10,081,499</u>	<u>70,422</u>
<i>Total Revenues</i>	<u>\$15,026,647</u>	<u>\$14,687,567</u>	<u>\$339,080</u>

*(continued)*

**Wheelersburg Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2013**  
**Unaudited**

Table 2  
Change in Net Position  
*(continued)*

	Governmental Activities		Increase/ (Decrease)
	2013	2012	
<b><u>Program Expenses:</u></b>			
Instruction:			
Regular	\$7,983,475	\$7,967,404	\$16,071
Special	1,378,818	1,394,901	(16,083)
Vocational	5,458	5,446	12
Student Intervention Services	6,902	3,514	3,388
Support Services:			
Pupils	730,952	707,301	23,651
Instructional Staff	797,274	731,491	65,783
Board of Education	68,809	67,284	1,525
Administration	993,271	1,004,670	(11,399)
Fiscal	462,568	356,910	105,658
Operation and Maintenance of Plant	1,345,629	1,437,309	(91,680)
Pupil Transportation	511,463	572,475	(61,012)
Central	50,938	88,947	(38,009)
Operation of Non-Instructional Services:			
Food Service Operations	534,565	577,998	(43,433)
Other	221,858	143,427	78,431
Extracurricular Activities	726,153	608,655	117,498
Interest and Fiscal Charges	483,202	415,135	68,067
<i>Total Expenses</i>	<u>16,301,335</u>	<u>16,082,867</u>	<u>218,468</u>
<i>Change in Net Position</i>	<u>(1,274,688)</u>	<u>(1,395,300)</u>	<u>120,612</u>
<i>Net Position at Beginning of Year</i>	<u>29,085,840</u>	<u>30,481,140</u>	<u>(1,395,300)</u>
<i>Net Position at End of Year</i>	<u><u>\$27,811,152</u></u>	<u><u>\$29,085,840</u></u>	<u><u>(\$1,274,688)</u></u>

Program revenues, which are primarily represented by tuition and fees, charges for extracurricular activities, food service sales, and restricted intergovernmental revenues, were \$4,874,726 of total revenues for fiscal year 2013 and varied significantly from fiscal year 2012. This \$242,698 increase was primarily the result of the School District receiving additional monies due to an increase in open enrollment along with increases in amounts billed to other school districts. This is associated with the School District providing services to special needs children that are enrolled in other school districts.

***Wheelersburg Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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As stated previously, general revenues represent \$10,151,921 of the School District's total revenues, an increase of \$70,422, which is insignificant.

The major program expense for governmental activities, as expected, is for instruction, which accounts for \$9,374,653 of all governmental expenses. In total, expenses increased \$218,468, which is insignificant.

**The School District's Funds**

Information about the School District's most significant funds starts on page 14. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$15,101,383 and expenditures of \$15,782,403. The net change in fund balance for the fiscal year was most significant in the Other Governmental Funds with an increase of \$892,710. This increase was mainly due to the inception of capital lease associated with the renovations to the athletic complex.

The General Fund had a \$161,098 decrease in fund balance for the fiscal year. Despite revenues increasing compared to fiscal year 2012, expenditures increased slightly more, thus causing the decrease in fund balance. Expenditures increased mainly due to increases to accrued wages and benefit increases. Several teachers retired on June 1, 2012 before the fiscal year ended and the positions were not filled until after fiscal year end. During fiscal year 2013, only two teachers retired as of fiscal year end, thus additional wages and benefits were included as a payable at fiscal year-end compared to fiscal year 2012.

The Bond Retirement Debt Service Fund had an insignificant change with an increase of \$38,952.

**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 2013, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A review of the budgetary comparison statement for the General Fund reflects a \$274,397 increase between the original budget and final budget revenues. This increase was mainly due to an increase in estimated property tax collections and for tuition and fees associated with the increase in open enrollment students. For fiscal year 2013, there was a decrease between the final budget and actual revenues of \$54,235, which is insignificant.

***Wheelersburg Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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The difference in expenditures from the original to the final budget was \$160,479. The main increase was in regular instruction due to an increase in payments for resident students attending other districts, for an elementary student consumable textbook series that was purchased early, and an increase in wages payable. The decrease in expenditures from the final budget to actual expenditures was \$102,738. Several line items had actual expenditures less than the final budget. These were due to the School District monitoring expenditures throughout the year.

Actual General Fund revenues and other financing sources were less than expenditures and other financing uses by \$127,580.

### **Capital Assets and Debt Administration**

#### ***Capital Assets***

At the end of fiscal year 2013, the School District had \$36,273,504 invested in capital assets (net of accumulated depreciation), a decrease of \$951,785. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

#### ***Debt***

At June 30, 2013, the School District had outstanding general obligation bonds and bond premiums in the amount of \$9,200,390, including a debt refunding that occurred during fiscal year 2013. The School District also had an outstanding lease-purchase agreement for constructing its new facility in the amount of \$318,000, a lease-purchase agreement for constructing the new athletic complex with an outstanding amount of \$2,321,428 and a lease for copiers with an outstanding amount of \$13,182. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Notes 14 and 15 to the basic financial statements.

#### **Current Issues**

For the 2012-2013 school year, the Wheelersburg Local School District received the following grades on the new Ohio Department of Education Local Report Card: Achievement Results, "B"; Performance Index, "B"; and Value-Added Overall, "A". The District met the federal accountability measure, Annual Measurable Objective ("AMO"), for the 2012-2013 school year after meeting the old measure, "Annual Yearly Progress" ("AYP") in the 2011-2012 school year. For the 2011-2012 school year, the School District was rated by the Ohio Department of Education as an "Excellent with Distinction" school district, having satisfied 24 out of 26 indicators, which were based on State assessments, student attendance and the high school graduation rate. In five of the six past fiscal years through 2012, the School District was at least rated Excellent. No similar ratings were assigned by the Ohio Department of Education for 2012-2013.

***Wheelersburg Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
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 Position

June 30, 2013

	Governmental Activities
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$4,126,735
Cash and Cash Equivalents with Escrow Agent	48,234
Materials and Supplies Inventory	20,647
Accrued Interest Receivable	3,665
Intergovernmental Receivable	125,576
Prepaid Items	14,480
Property Taxes Receivable	3,817,820
Capital Assets:	
Land	931,568
Depreciable Capital Assets, Net	<u>35,341,936</u>
<i>Total Assets</i>	<u>44,430,661</u>
<b><u>Deferred Outflow Of Resources:</u></b>	
Deferred Charge on Refunding	<u>749,187</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	122,404
Accrued Wages and Benefits Payable	1,094,125
Retainage Payable	49,849
Intergovernmental Payable	290,251
Accrued Interest Payable	22,039
Long-Term Liabilities:	
Due Within One Year	661,448
Due In More Than One Year	<u>11,902,148</u>
<i>Total Liabilities</i>	<u>14,142,264</u>
<b><u>Deferred Inflow Of Resources:</u></b>	
Property Taxes	<u>3,226,432</u>
<b><u>Net Position:</u></b>	
Net Investment in Capital Assets	25,190,766
Restricted for:	
Debt Service	683,259
Capital Projects	1,132,946
Other Purposes:	
Food Services	100,836
Classroom Facilities	222,225
Student Activities	133,829
Other Purposes	141,896
Unrestricted	<u>205,395</u>
<i>Total Net Position</i>	<u>\$27,811,152</u>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest		
<b><u>Governmental Activities:</u></b>					
Instruction:					
Regular	\$7,983,475	\$2,060,124	\$191,934	\$0	(\$5,731,417)
Special	1,378,818	101,869	956,436	0	(320,513)
Vocational	5,458	0	5,458	0	0
Student Intervention Services	6,902	0	0	0	(6,902)
Support Services:					
Pupils	730,952	22,988	173,202	0	(534,762)
Instructional Staff	797,274	0	84,209	0	(713,065)
Board of Education	68,809	0	0	0	(68,809)
Administration	993,271	0	5,319	0	(987,952)
Fiscal	462,568	0	0	0	(462,568)
Operation and Maintenance of Plant	1,345,629	117	11,714	0	(1,333,798)
Pupil Transportation	511,463	0	12,415	0	(499,048)
Central	50,938	0	0	0	(50,938)
Operation of Non-Instructional Services:					
Food Service Operations	534,565	216,710	346,358	0	28,503
Other	221,858	48,922	102,967	0	(69,969)
Extracurricular Activities	726,153	355,838	143,146	35,000	(192,169)
Interest and Fiscal Charges	483,202	0	0	0	(483,202)
<b>Total Governmental Activities</b>	<b>\$16,301,335</b>	<b>\$2,806,568</b>	<b>\$2,033,158</b>	<b>\$35,000</b>	<b>(11,426,609)</b>

**General Revenues:**

Property Taxes Levied for:

General Purposes	2,662,748
Debt Service	519,220
Capital Outlay	244,075
Facility Maintenance	55,019
Grants and Entitlements not Restricted to Specific Programs	6,560,553
Contributions and Donations	13,006
Investment Earnings	17,428
Miscellaneous	79,872

**Total General Revenues** 10,151,921

**Change in Net Position** (1,274,688)

**Net Position at Beginning of Year** 29,085,840

**Net Position at End of Year** \$27,811,152

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**

Balance Sheet  
Governmental Funds  
June 30, 2013

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$1,786,665	\$651,207	\$1,688,863	\$4,126,735
Receivables:				
Property Taxes	2,946,130	537,488	334,202	3,817,820
Intergovernmental	0	0	125,576	125,576
Accrued Interest	3,665	0	0	3,665
Prepaid Items	12,445	0	2,035	14,480
Materials and Supplies Inventory	20,647	0	0	20,647
Restricted Assets:				
Cash and Cash Equivalents with Escrow Agent	0	0	48,234	48,234
<i>Total Assets</i>	<u>\$4,769,552</u>	<u>\$1,188,695</u>	<u>\$2,198,910</u>	<u>\$8,157,157</u>
<b><u>Liabilities:</u></b>				
Accounts Payable	\$63,258	\$0	\$59,146	\$122,404
Accrued Wages and Benefits Payable	994,524	0	99,601	1,094,125
Retainage Payable	0	0	49,849	49,849
Intergovernmental Payable	249,797	0	40,454	290,251
<i>Total Liabilities</i>	<u>1,307,579</u>	<u>0</u>	<u>249,050</u>	<u>1,556,629</u>
<b><u>Deferred Inflows of Resources:</u></b>				
Property Taxes	2,494,917	450,829	280,686	3,226,432
Unavailable Revenue	286,267	53,862	113,707	453,836
<i>Total Deferred Inflows of Resources</i>	<u>2,781,184</u>	<u>504,691</u>	<u>394,393</u>	<u>3,680,268</u>
<b><u>Fund Balances:</u></b>				
Nonspendable	33,092	0	2,035	35,127
Restricted	0	684,004	1,570,950	2,254,954
Assigned	372,566	0	0	372,566
Unassigned (Deficit)	275,131	0	(17,518)	257,613
<i>Total Fund Balances</i>	<u>680,789</u>	<u>684,004</u>	<u>1,555,467</u>	<u>2,920,260</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,769,552</u>	<u>\$1,188,695</u>	<u>\$2,198,910</u>	<u>\$8,157,157</u>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2013

**Total Governmental Fund Balances** \$2,920,260

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

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

Land	931,568	
Other capital assets	44,579,072	
Accumulated depreciation	<u>(9,237,136)</u>	
Total capital assets		36,273,504

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	370,148	
Intergovernmental	80,446	
Investment earnings	<u>3,242</u>	
		453,836

Deferred outflows of resources include deferred charges on refunding which do not provide current financial resources and, therefore are not reported in the funds. 749,187

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	(8,143,356)	
Bond premium	(1,057,034)	
Accrued interest on bonds	(22,039)	
Capital leases	(2,652,610)	
Compensated absences	<u>(710,596)</u>	
Total liabilities		<u>(12,585,635)</u>

**Net Position of Governmental Activities** \$27,811,152

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, 2013

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>				
Property Taxes	\$2,689,400	\$531,121	\$294,523	\$3,515,044
Intergovernmental	6,880,641	76,054	1,519,856	8,476,551
Investment Earnings	16,376	0	4,620	20,996
Tuition and Fees	2,084,139	0	0	2,084,139
Extracurricular Activities	22,988	0	355,838	378,826
Rentals	117	0	0	117
Customer Sales and Service	77,854	0	265,632	343,486
Contributions and Donations	10,506	0	180,646	191,152
Miscellaneous	76,186	0	14,886	91,072
<i>Total Revenues</i>	<u>11,858,207</u>	<u>607,175</u>	<u>2,636,001</u>	<u>15,101,383</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	7,015,517	0	152,236	7,167,753
Special	693,992	0	543,571	1,237,563
Vocational	5,458	0	0	5,458
Student Intervention Services	6,902	0	0	6,902
Support Services:				
Pupils	549,382	0	180,095	729,477
Instructional Staff	579,220	0	74,524	653,744
Board of Education	68,809	0	0	68,809
Administration	900,022	0	5,785	905,807
Fiscal	306,068	115,575	8,026	429,669
Operation and Maintenance of Plant	1,020,561	0	194,186	1,214,747
Pupil Transportation	451,553	0	0	451,553
Central	50,542	0	0	50,542
Operation of Non-Instructional Services:				
Food Service Operations	0	0	534,565	534,565
Other	12,205	0	161,229	173,434
Extracurricular Activities	212,183	0	447,648	659,831
Capital Outlay	545	0	565,747	566,292
Debt Service:				
Principal Retirement	57,000	320,000	190,639	567,639
Interest and Fiscal Charges	14,346	236,184	108,088	358,618
<i>Total Expenditures</i>	<u>11,944,305</u>	<u>671,759</u>	<u>3,166,339</u>	<u>15,782,403</u>
Excess of Revenues Under Expenditures	<u>(86,098)</u>	<u>(64,584)</u>	<u>(530,338)</u>	<u>(681,020)</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Payment to Refunded Bond Escrow Agent	0	(8,043,482)	0	(8,043,482)
Refunding Bonds Issued	0	7,075,000	0	7,075,000
Premium on Refunding Bonds Issued	0	1,072,018	0	1,072,018
Inception of Capital Leases	0	0	1,348,048	1,348,048
Transfers In	0	0	131,500	131,500
Transfers Out	(75,000)	0	(56,500)	(131,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(75,000)</u>	<u>103,536</u>	<u>1,423,048</u>	<u>1,451,584</u>
<i>Net Change in Fund Balances</i>	<u>(161,098)</u>	<u>38,952</u>	<u>892,710</u>	<u>770,564</u>
<i>Fund Balances at Beginning of Year</i>	<u>841,887</u>	<u>645,052</u>	<u>662,757</u>	<u>2,149,696</u>
<i>Fund Balances at End of Year</i>	<u>\$680,789</u>	<u>\$684,004</u>	<u>\$1,555,467</u>	<u>\$2,920,260</u>

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, 2013

**Net Change in Fund Balances - Total Governmental Funds** \$770,564

**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	49,820	
Construction in progress additions	628,628	
Depreciation expense	<u>(1,600,168)</u>	
Excess of depreciation expense over capital additions		(921,720)

Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale.

Loss on disposal of capital assets		(30,065)
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Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" inflows and are deferred in the governmental funds.

Delinquent property taxes	(33,982)	
Intergovernmental	(27,590)	
Investment earnings	(1,964)	
Miscellaneous	<u>(11,200)</u>	
		(74,736)

Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Position the lease obligation is reported as a liability.

(1,348,048)

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

Bond payments	320,000	
Capital lease payments	247,639	
Payment to Refunding Escrow Agent	<u>8,043,482</u>	
		8,611,121

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

Proceeds of bonds	(7,075,000)	
Premium on bonds	<u>(1,072,018)</u>	
		(8,147,018)

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

Amortization of bond premium	58,408	
Amortization of deferred charges on refunding	(37,459)	
Accretion of Capital Appreciation Bonds	<u>(38,356)</u>	
		(17,407)

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

Increase in compensated absences payable	(10,202)	
Increase in accrued interest	<u>(107,177)</u>	
		(117,379)

**Change in Net Position of Governmental Activities** (\$1,274,688)

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, 2013

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
Property Taxes	\$2,608,000	\$2,765,480	\$2,765,475	(\$5)
Intergovernmental	6,985,121	6,967,628	6,880,641	(86,987)
Investment Earnings	40,000	40,000	41,359	1,359
Tuition and Fees	1,930,910	2,060,620	2,081,851	21,231
Rentals	0	0	117	117
Extracurricular Activities	23,510	24,310	22,988	(1,322)
Contributions and Donations	1,100	6,500	10,506	4,006
Miscellaneous	2,500	1,000	8,366	7,366
<b>Total Revenues</b>	<b>11,591,141</b>	<b>11,865,538</b>	<b>11,811,303</b>	<b>(54,235)</b>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	6,777,021	6,911,486	6,949,995	(38,509)
Special	716,862	719,419	699,573	19,846
Vocational	5,458	5,458	5,458	0
Student Intervention Services	4,900	5,900	6,875	(975)
Support Services:				
Pupils	538,330	564,819	552,711	12,108
Instructional Staff	625,436	639,868	599,401	40,467
Board of Education	95,155	93,460	84,706	8,754
Administration	903,301	902,541	909,679	(7,138)
Fiscal	324,638	319,285	313,281	6,004
Operation and Maintenance of Plant	1,139,530	1,116,061	1,102,860	13,201
Pupil Transportation	498,020	504,107	475,796	28,311
Central	48,517	50,293	50,569	(276)
Operation of Non-Instructional Services	10,000	20,000	4,018	15,982
Extracurricular Activities	224,416	219,916	215,012	4,904
Capital Outlay	0	600	545	55
Debt Service:				
Principal Retirement	57,000	57,000	57,000	0
Interest and Fiscal Charges	15,500	14,350	14,346	4
<b>Total Expenditures</b>	<b>11,984,084</b>	<b>12,144,563</b>	<b>12,041,825</b>	<b>102,738</b>
Excess of Revenues Over (Under) Expenditures	<b>(392,943)</b>	<b>(279,025)</b>	<b>(230,522)</b>	<b>48,503</b>
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Sale of Capital Assets	0	4,000	3,934	(66)
Refund of Prior Year Expenditures	78,000	144,030	144,028	(2)
Refund of Prior Year Receipts	(100)	(100)	(20)	80
Transfers In	325,300	428,391	388,391	(40,000)
Transfers Out	(511,391)	(463,391)	(463,391)	0
Advances In	0	30,000	30,000	0
Advances Out	(4,000)	(4,000)	0	4,000
<b>Total Other Financing Sources(Uses)</b>	<b>(112,191)</b>	<b>138,930</b>	<b>102,942</b>	<b>(35,988)</b>
<b>Net Change in Fund Balance</b>	<b>(505,134)</b>	<b>(140,095)</b>	<b>(127,580)</b>	<b>12,515</b>
<b>Fund Balance at Beginning of Year</b>	<b>1,522,451</b>	<b>1,522,451</b>	<b>1,522,451</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>198,562</b>	<b>198,562</b>	<b>198,562</b>	<b>0</b>
<b>Fund Balance at End of Year</b>	<b>\$1,215,879</b>	<b>\$1,580,918</b>	<b>\$1,593,433</b>	<b>\$12,515</b>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2013

	Private Purpose Trust	Agency
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$360,058	\$46,167
<b><u>Liabilities:</u></b>		
Undistributed Monies	0	\$46,167
<b><u>Net Position:</u></b>		
Held in Trust for Scholarships	\$360,058	

See accompanying notes to the basic financial statements

***Wheelersburg Local School District***  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 2013**

	Private Purpose Trust
	Scholarships
<b><u>Additions:</u></b>	
Contributions and Donations	\$10,100
Interest	1,874
Miscellaneous	250
<i>Total Additions</i>	12,224
<b><u>Deductions:</u></b>	
Payments in Accordance with Trust Agreements	19,517
<i>Change in Net Position</i>	(7,293)
<i>Net Position at Beginning of Year</i>	367,351
<i>Net Position at End of Year</i>	\$360,058

See accompanying notes to the basic financial statements

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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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 44 non-certificated employees, 96 certificated full-time teaching personnel and eight administrative employees who provide services to 1,551 students and other community members. The School District currently operates one instructional building, one administrative building, and one garage.

*Reporting Entity*

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

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

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

Jointly Governed Organizations:

South Central Ohio Computer Association Regional Council of  
Governments  
Metropolitan Educational Council  
Southern Ohio Academy

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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Insurance Purchasing Pools:  
    Ohio School Plan  
    Ohio SchoolComp Group Retrospective Rating Program  
Public Entity Shared Risk Pool:  
    Optimal Health Initiatives Consortium

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

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

**Basis of Presentation**

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

*Government-wide Financial Statements*

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

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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*Fund Financial Statements*

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

**Fund Accounting**

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

*Governmental Funds*

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

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

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

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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*Fiduciary Funds*

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

**Measurement Focus**

*Government-wide Financial Statements*

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

*Fund Financial Statements*

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

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

**Basis of Accounting**

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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*Revenues - Exchange and Non-exchange Transactions*

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

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

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

*Deferred Outflows/Inflows of Resources:*

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

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

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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*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.

**Budgetary Process**

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

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

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

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Cash and Cash Equivalents**

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

During fiscal year 2013, the School District's investments were limited to Federal National Mortgage Association Notes, Negotiable Certificates of Deposits, and State Treasury Asset Reserve of Ohio (STAROhio). Investments are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price.

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, 2013.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2013 amounted to \$16,376, which includes \$9,385 assigned from other School District funds.

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

**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 Nonmajor Governmental Funds represent monies held in an escrow account that is owed to contractors for work completed relating to the school construction projects.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Inventory**

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

**Capital Assets**

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

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 \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

<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

**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. The entire compensated absences liability is reported on the government-wide financial statements.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Accrued Liabilities and Long-Term Obligations**

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

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

**Bond Premiums**

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

On the governmental fund financial statements, the amortization of bond premiums are reported as an Other Financing Source and issuance costs are reported as an expenditure in the fiscal year in which the bonds are issued.

**Deferred Charge on Refunding**

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the Statement of Net Position.

**Fund Balance**

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

*Nonspendable*

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

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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*Restricted*

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

*Committed*

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

*Assigned*

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the general fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute. The future appropriation amount assigned in the General Fund represents fiscal year 2014 appropriations that exceed estimated resources. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

*Unassigned*

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Net Position**

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

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

**Internal Activity**

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

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

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

**Estimates**

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

**NOTE 3 – FUND BALANCES**

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
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Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Prepays	\$12,445	\$0	\$2,035	\$14,480
Inventory	20,647	0	0	20,647
<b><i>Total Nonspendable</i></b>	<b>33,092</b>	<b>0</b>	<b>2,035</b>	<b>35,127</b>
<b><i>Restricted for</i></b>				
Bond Retirement	0	684,004	0	684,004
Food Service Operations	0	0	100,836	100,836
Athletics	0	0	133,829	133,829
Miscellaneous State Grants	0	0	59,157	59,157
Race to the Top Grant	0	0	6,710	6,710
Capital Improvements	0	0	1,054,837	1,054,837
Classroom Facilities	0	0	215,581	215,581
<b><i>Total Restricted</i></b>	<b>0</b>	<b>684,004</b>	<b>1,570,950</b>	<b>2,254,954</b>
<b><i>Assigned to</i></b>				
Purchases on Order	137,268	0	0	137,268
Future Appropriations	235,298	0	0	235,298
<b><i>Total Assigned</i></b>	<b>372,566</b>	<b>0</b>	<b>0</b>	<b>372,566</b>
<b><i>Unassigned (Deficit)</i></b>	<b>275,131</b>	<b>0</b>	<b>(17,518)</b>	<b>257,613</b>
<b><i>Total Fund Balances</i></b>	<b>\$680,789</b>	<b>\$684,004</b>	<b>\$1,555,467</b>	<b>\$2,920,260</b>

**NOTE 4 – ACCOUNTABILITY**

At June 30, 2013, the Public School Preschool, Title VI-B, Title I, Title VI-R, and Miscellaneous Federal Grants Special Revenue Funds had deficit fund balances of \$8,837, \$1,839, \$1,862, \$3,872, and \$784 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.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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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 restricted, committed, or assigned 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).
6. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.

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	(\$161,098)
Adjustments:	
Revenue Accruals	83,359
Expenditure Accruals	99,608
Unrecorded Cash - Fiscal Year 2012	188
Unrecorded Cash - Fiscal Year 2013	(114)
Encumbrances	(197,148)
Advances	30,000
Net Increase in Fair Value of	
Investments - Fiscal Year 2012	13,595
Net Decrease in Fair Value of	
Investments - Fiscal Year 2013	4,030
Budget Basis	(\$127,580)

*Wheelersburg Local School District*  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**NOTE 6 – DEPOSITS AND INVESTMENTS**

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

Active deposits 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.

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 or Ohio Local Governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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8. Commercial paper and bankers acceptances if training requirements have been met.

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

*Deposits:* Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$2,144,412 of the School District's bank balance of \$2,654,312 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

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

*Investments:* As of June 30, 2013, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Investment Maturities (in Years)		Call Date	S&P Rating	Percent of Total Investments
		Less than 1	1 - 4			
Federal National Mortgage Association Notes	\$374,585	\$0	\$374,585	3/19/2014	AA+	18.95%
Negotiable Certificates of Deposits	1,601,385	0	\$1,601,385	----	----	81.03%
STAROhio	287	287	\$0	----	AA+	
Totals	<u>\$1,976,257</u>	<u>\$287</u>	<u>\$1,975,970</u>			

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

*Credit Risk:* The S&P rating of the School District's investments are listed in the table above. 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, 2013

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

**NOTE 7 – PROPERTY TAXES**

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

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

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

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows – property taxes.

The amount available as an advance at June 30, 2013, was \$221,240 and is recognized as revenue: \$168,188 in the General Fund, \$32,797 in the Bond Retirement Debt Service Fund, and \$20,255 in the Other Governmental Funds. The amount available as an advance at June 30, 2012, was \$314,238 and was recognized as revenue: \$244,263 in the General Fund, \$48,594 in the Bond Retirement Debt Service Fund, and \$21,381 in the Other Governmental Funds.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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

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

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$135,578,020	92.42%	\$137,133,440	91.75%
Public Utility Personal	11,126,480	7.58%	12,337,030	8.25%
<i>Total Assessed Value</i>	\$146,704,500	100.00%	\$149,470,470	100.00%
Tax rate per \$1,000 of assessed valuation	\$32.78		\$32.28	

**NOTE 8 – RECEIVABLES**

Receivables at June 30, 2013, consisted of property taxes, intergovernmental grants, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<u>Governmental Activities:</u>	
Title I	\$44,693
Special Education, Part B-IDEA	28,742
Title VI-B, Rural Education Initiative	12,329
NSL/NSB Expansion Grant	765
Race to the Top	39,047
<i>Total Intergovernmental Receivables</i>	\$125,576

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
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**NOTE 9 – CAPITAL ASSETS**

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

	Balance At 6/30/2012	Additions	Deletions	Balance At 6/30/2013
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$931,568	\$0	\$0	\$931,568
Construction in Progress	2,526,679	628,628	(3,155,307)	0
<i>Total Capital Assets Not Being Depreciated</i>	<u>3,458,247</u>	<u>628,628</u>	<u>(3,155,307)</u>	<u>931,568</u>
Depreciable Capital Assets:				
Land Improvements	753,322	701,560	0	1,454,882
Buildings and Improvements	36,693,311	2,453,747	(62,970)	39,084,088
Furniture, Fixtures and Equipment	2,558,906	49,820	(67,929)	2,540,797
Vehicles	1,043,952	0	0	1,043,952
Textbooks	455,353	0	0	455,353
<i>Total Depreciable Capital Assets</i>	<u>41,504,844</u>	<u>3,205,127</u>	<u>(130,899)</u>	<u>44,579,072</u>
Less Accumulated Depreciation:				
Land Improvements	(356,679)	(73,636)	0	(430,315)
Buildings and Improvements	(5,228,112)	(1,282,002)	54,511	(6,455,603)
Furniture, Fixtures and Equipment	(1,059,670)	(188,886)	46,323	(1,202,233)
Vehicles	(683,524)	(55,644)	0	(739,168)
Textbooks	(409,817)	0	0	(409,817)
<i>Total Accumulated Depreciation</i>	<u>(7,737,802)</u>	<u>(1,600,168) *</u>	<u>100,834</u>	<u>(9,237,136)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>33,767,042</u>	<u>1,604,959</u>	<u>(30,065)</u>	<u>35,341,936</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$37,225,289</u>	<u>\$2,233,587</u>	<u>(\$3,185,372)</u>	<u>\$36,273,504</u>

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
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\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$803,928
Special	148,342
Support Services:	
Pupils	1,642
Instructional Staff	145,590
Administration	83,334
Fiscal	37,503
Operation and Maintenance of Plant	137,531
Pupil Transportation	57,764
Operation of Non-Instructional Services	46,518
Extracurricular Activities	138,016
<i>Total Depreciation Expense</i>	<u><u>\$1,600,168</u></u>

**NOTE 10 – RISK MANAGEMENT**

**Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District has joined with other school districts in Ohio to participate in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to Hylant Administrative Services, LLC (See Note 16). During fiscal year 2013, the School District contracted with the Ohio School Plan for liability, fleet, and property insurance coverage.

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

**Employee Medical and Dental Benefits**

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
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**Workers' Compensation**

For fiscal year 2013, the School District participated in the Ohio SchoolComp Group Retrospective Rating Program (GRRP), an insurance purchasing pool (See Note 16). The intent of the GRRP is to reward participants that are able to keep their claims costs below a predetermined amount. As part of the GRRP, school districts join together as a group. Each school district continues to pay its own individual premium to the State. However, each school district has the opportunity to receive retrospective premium adjustments (refunds or assessments) at 12, 24, and 36 months after the end of the policy year. At the end of each policy year, the Bureau of Workers' Compensation (BWC) will take a snap-shot of the incurred claims losses (indemnity, medical, and reserves) for the entire group and calculate the group's retrospective premium. If the retrospective premium that is calculated is less than the group's total standard premium, the participants will receive a refund. However, if the retrospective premium is greater than the group's total standard premium, an assessment will be levied by BWC. Each group limits the maximum assessment by selecting a premium cap between five percent and 100 percent of merit rated premium. Participation in the GRRP is limited to school districts that can meet the GRRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$192,846, \$110,640, and \$168,359, respectively. The full amount has been contributed for fiscal years 2013, 2012, and 2011.

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
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**State Teachers Retirement System of Ohio**

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](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 multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50. Benefits are established by Ohio Revised Code Chapter 3307.

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
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The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$753,981, \$750,091, and \$778,672, respectively. For fiscal year 2013, 82.59 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

Contributions made to STRS Ohio for the Combined Plan and for fiscal year 2013 were \$84 made by the School District and \$60 made by the plan members. No member or employee contributions were made for fiscal year 2013 for the DC Plan.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for fiscal year 2013, this amount was \$20,525. During fiscal year 2013, the School District paid \$25,017 in surcharge.

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

The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$33,114, \$26,327, and \$43,008, respectively. The full amount has been contributed for fiscal years 2013, 2012, and 2011.

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
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The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$11,041, \$6,534, and \$10,834, respectively. The full amount has been contributed for fiscal years 2013, 2012, and 2011.

**State Teachers Retirement System of Ohio**

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to one percent of covered payroll to post-employment health care. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$57,999, \$57,699, and \$60,667, respectively. For fiscal year 2013, 82.59 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

**NOTE 13 – EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers 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.

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Special Termination Benefit Payable**

For fiscal years 2006 to 2013, employees eligible to retire were offered a special termination benefit. A bargaining unit employee who becomes eligible under the Ohio Revised Code Section 3307.38 and elects to take service retirement through STRS and provides the School District with notice by the regular February Board of Education meeting is entitled to receive a one-time lump-sum payment, less payroll withholdings. For the fiscal year ended June 30, 2013, two employees of the School District who retired were eligible for the bonus and were paid the bonus by fiscal year end.

**Insurance**

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

**Deferred Compensation**

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

**NOTE 14 – CAPITALIZED LEASE – LESSEE DISCLOSURE**

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

At fiscal year-end, capital assets under this lease have been capitalized as buildings and improvements in the Statement of Net Position for governmental activities. At fiscal year-end, the total amount of the proceeds from the capital lease had been spent toward the construction project. A liability was recorded on the Statement of Net Position for governmental activities in the amount of \$582,000, which is equal to the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2013 totaled \$57,000 and were paid from the General Fund.

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

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

During fiscal year 2013, the School District received the remaining amount of the lease proceeds. A liability was recorded on the Statement of Net Position for governmental activities in the amount of \$2,500,000 which is equal to the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2013 totaled \$178,571 and were paid from the Capital Improvement Fund.

During a prior fiscal year, the School District entered into a capitalized lease for copiers. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. The copiers acquired by lease were capitalized in the amount of \$43,963, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the Statement of Net Position for governmental activities. Principal payments in fiscal year 2013 totaled \$12,068 and were paid from the Capital Improvement Fund.

The copiers acquired through the capital lease as of June 30, 2013, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Asset:			
Copiers	\$43,963	(\$13,738)	\$30,225

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

**Wheelersburg Local School District**  
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Fiscal Year Ending June 30,	New Facilities	Copiers	Athletic Complex
2014	\$70,380	\$13,824	\$303,844
2015	70,028	0	293,298
2016	69,597	0	283,571
2017	70,069	0	273,571
2018	70,388	0	263,571
2019-2023	0	0	1,167,855
2024-2026	0	0	580,719
Total	350,462	13,824	3,166,429
Less: Amount Representing Interest	(32,462)	(642)	(845,001)
<i>Present Value of Net Minimum Lease Payments</i>	<u>\$318,000</u>	<u>\$13,182</u>	<u>\$2,321,428</u>

**NOTE 15 – LONG-TERM OBLIGATIONS**

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

	Amount Outstanding 6/30/12	Additions	Deductions	Amount Outstanding 6/30/13	Amount Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
2005 Classroom Facilities:					
Term Bonds 5.00%	\$2,805,000	\$0	\$2,805,000	\$0	\$0
Serial Bonds 3.00 to 5.00%	5,620,000	0	4,520,000	1,100,000	260,000
Premium on Debt Issue	225,260	0	192,692	32,568	0
2013 Refunding Bonds:					
Term Bonds 3.00 to 3.375%	0	4,710,000	0	4,710,000	0
Serial Bonds 2.00 to 4.00%	0	2,275,000	70,000	2,205,000	30,000
Premium on Debt Issue	0	1,072,018	47,552	1,024,466	0
CAB Bonds 3.19 to 3.44%	0	90,000	0	90,000	0
Accretion on CABs	0	38,356	0	38,356	0
Capital Leases - New Facilities	375,000	0	57,000	318,000	59,000
Capital Lease - Athletic Complex	1,151,951	1,348,048	178,571	2,321,428	178,844
Capital Lease - Copiers	25,250	0	12,068	13,182	13,182
Compensated Absences	700,394	79,399	69,197	710,596	120,422
<i>Total Governmental Activities</i>					
<i>Long-Term Obligations</i>	<u>\$10,902,855</u>	<u>\$9,612,821</u>	<u>\$7,952,080</u>	<u>\$12,563,596</u>	<u>\$661,448</u>

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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*2005 Classroom Facilities General Obligation Bonds* – On March 15, 2005, the School District issued \$9,968,000 in voted general obligation bonds for the purpose of retiring the Classroom Facilities Bond Anticipation Notes issued December 28, 2004, for the purpose of constructing new educational facilities. The bonds were issued in an aggregate principal amount of \$9,968,000. The bonds were issued for a 27 year period with final maturity in December 2032. On July 25, 2012, the School District refunded the \$2,805,000 of the term bonds and refunded a portion, \$4,270,000, of the serial bonds. The serial bonds that were not refunded will be retired from the Bond Retirement Fund. At June 30, 2013, \$7,075,000 of the refunded bonds were outstanding. Assets are being held in escrow to retire these bonds at maturity so these refunded bonds are not recorded in the accompanying financial statements.

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

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

The difference between the amount of the refunding bond issue and the total of the outstanding principal of the debt issue refunded was used to pay for issuance costs, interest due at the time of refunding, and the amount paid to the escrow agent above the principal outstanding. The refunding resulted in a difference of \$786,646 between the net carrying amount of the old bonded debt and the acquisition price. This difference, reported in the accompanying financial statements as a deferred outflow, is being amortized to interest expense over the life of the bonds using the straight-line method. The unamortized amount of the deferred outflow at June 30, 2013, was \$749,187. Total debt service payments decreased by \$398,176 as a result of the refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$426,652.

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

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

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

The capital appreciation bonds of the 2013 Classroom Facilities General Obligation Refunding Bonds, issued at \$90,000, are not subject to redemption prior to maturity. The capital appreciation bonds will mature in fiscal years 2023, 2024, and 2025 in the amounts of \$475,000, \$495,000, and \$490,000, respectively. Accretion on the capital appreciation bonds for fiscal year 2013 was \$38,356.

Capital leases were paid from the General Fund except for the copier leases and the WesBanco agreement for the Athletic Complex, which were paid from the Capital Improvement Fund. Compensated absences will be paid from the General Fund.

The School District's overall legal debt margin was \$6,031,346 with an unvoted debt margin of \$149,470 at June 30, 2013.

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

**Wheelersburg Local School District**  
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2005 Classroom Facilities General Obligation Bonds and  
2013 Classroom Facilities Refunding General Obligations Bonds

Fiscal Year Ending June 30,	Serial/Term Bonds Principal	Serial/Term Bonds Interest	Capital		Total
			Appreciation Bond Principal	Appreciation Bond Interest	
2014	\$290,000	\$259,352	\$0	\$0	\$549,352
2015	315,000	248,662	0	0	563,662
2016	325,000	237,032	0	0	562,032
2017	340,000	224,682	0	0	564,682
2018	370,000	212,832	0	0	582,832
2019-2023	1,665,000	1,312,423	30,000	445,000	3,452,423
2024-2028	1,575,000	1,603,435	60,000	925,000	4,163,435
2029-2033	3,135,000	266,017	0	0	3,401,017
<i>Totals</i>	<u>\$8,015,000</u>	<u>\$4,364,435</u>	<u>\$90,000</u>	<u>\$1,370,000</u>	<u>\$13,839,435</u>

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

**Jointly Governed Organizations**

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

The School District is a participant in the South Central Ohio Computer Association Regional Council of Governments (SCOCA), which is organized under ORC Code Chapter 167 as a regional council of governments. SCOCA is an association of public Educational Service Centers within the boundaries of Pickaway, Gallia, Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Educational Service Centers. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education and two representatives of the school treasurers. The Board exercises total control over the operations of SCOCA including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid SCOCA \$25,120 for services provided during the fiscal year. Financial information can be obtained from the SCOCA Regional Council of Governments, Sandra Benson, Fiscal Officer, at P.O. Box 596, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

**Wheelersburg Local School District**  
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*Metropolitan Educational Council*

The School District participates in the Metropolitan Educational Council (MEC), a jointly governed organization. The organization is composed of over 100 members, which includes school districts, joint vocational schools, educational service centers, and libraries covering 24 counties in Central Ohio. MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of MEC is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county outside Franklin County. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. In particular, the School District participates in an insurance purchasing pool, which is managed by MEC, to obtain lower costs for life insurance coverage for their employees.

The School District pays premiums to MEC based on the number of employees who participate, the amount of coverage provided, and what MEC estimates will cover the costs to provide that coverage. Financial information may be obtained from the Metropolitan Educational Council, Sue Ward, who serves as fiscal officer, at 2100 Citygate Drive, Columbus, OH 43219.

*Southern Ohio Academy*

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

**Insurance Purchasing Pools**

*Ohio School Plan*

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are

**Wheelersburg Local School District**  
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conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Shuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Shuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

*Ohio SchoolComp Group Retrospective Rating Program*

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

**Public Entity Shared Risk Pool**

*Optimal Health Initiatives Consortium*

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

**NOTE 17 – SET-ASIDE CALCULATIONS**

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

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

**Wheelersburg Local School District**  
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	Capital Acquisitions
Set-aside Balance as of June 30, 2012	\$0
Current Fiscal Year Set-aside Requirement	256,022
Current Fiscal Year Offsets	(295,650)
Qualifying Disbursements	(114,410)
<i>Totals</i>	(\$154,038)
<i>Set-aside Balance as of June 30, 2013</i>	\$0

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

**NOTE 18 – SIGNIFICANT COMMITMENTS**

**Encumbrances**

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

General Fund	\$197,148
Nonmajor Governmental Funds	284,005
Total	\$481,153

**NOTE 19 – CONTINGENCIES**

**Grants**

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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**Litigation**

At fiscal year-end, the School District was a party to one legal proceeding. The proceeding was the result of a special audit conducted by the Auditor of State's Office in relationship to the School District's Latchkey Program. As a result of the special audit, the School District terminated the Latchkey Program's administrator. Subsequently, the School District has been sued by the Latchkey Program administrator. However, at fiscal year-end, the School District was not able to determine what effect, if any, this claim will have on the financial condition of the School District.

**NOTE 20 – CHANGES IN ACCOUNTING PRINCIPLES**

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

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

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

*GASB Statement No. 65* properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in the School District's fiscal year 2013 financial statements; however, there was no effect on beginning net position and /or fund balance.

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

**NOTE 21 – SUBSEQUENT EVENT**

On September 11, 2013, the School District was notified that the Ohio Fourth Court of Appeals issued a ruling in the case of the Latchkey Program administrator. The Court denied the former administrator's lawsuit against the School District.

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2013

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On November 7, 2013, the School District was notified that the Ohio School Facilities Commission was requesting any and all outstanding monies held in association with the School District's school building construction project be paid out to a contractor on behalf of the Ohio School Facilities Commission. The dollar amount of the payment was \$643,000. This is associated with the closing out process of the School District's building construction project. Since the request was not made until subsequent to fiscal year end, there was no liability recorded on the accompanying financial statements of the School District.

**Wheelersburg Local School District**  
Schedule of Federal Awards Receipts and Expenditures  
For the Year Ended June 30, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>United States Department of Agriculture</u>						
<i>Passed through Ohio Department of Education</i>						
<i>Child Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	\$ 93,637	\$ -	\$ 93,637	\$ -
National School Lunch Program	3L60	10.555	210,387	28,242	210,387	28,242
Summer Food Service for Children	3L60	10.559	10,519	-	10,519	-
Total Child Nutrition Cluster			314,543	28,242	314,543	28,242
Total United States Department of Agriculture			314,543	28,242	314,543	28,242
<u>United States Department of Education</u>						
<i>Passed through Ohio Department of Education</i>						
Special Education - Grants to States	3M20	84.027	299,601	-	296,153	-
Title I Grants to Local Educational Agencies	3M00	84.010	455,941	-	456,572	-
Rural Education	3Y80	84.358	16,734	-	16,734	-
Improving Teacher Quality	3Y60	84.367	86,510	-	87,767	-
Race to the Top - ARRA	3FD0	84.395	126,408	-	96,001	-
Education Jobs Fund	3ET0	84.410	29,194	-	45,708	-
Total United States Department of Education			1,014,388	-	998,935	-
Total Federal Financial Assistance			<u>\$ 1,328,931</u>	<u>\$ 28,242</u>	<u>\$ 1,313,478</u>	<u>\$ 28,242</u>

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

***Wheelersburg Local School District***  
Notes to the Schedule of Federal Awards Receipts and Expenditures  
For the Fiscal Year Ended June 30, 2013

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – 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.



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## Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Wheelersburg Local School District  
P.O. Box 340  
Wheelersburg, OH 45694

Members of the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wheelersburg Local School District, Scioto County, (the School District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 12, 2013, wherein we noted the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously reported as Assets and Liabilities*.

### Internal Control Over Financial Reporting

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

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

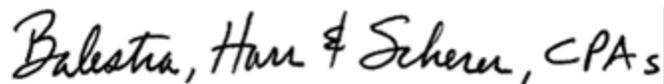
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 12, 2013



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## Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Wheelersburg Local School District  
P.O. Box 340  
Wheelersburg, OH 45694

Members of the Board of Education:

### Report on Compliance for Each Major Federal Program

We have audited Wheelersburg Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect Wheelersburg Local School District's major federal program for the year ended June 30, 2013. The Summary of Audit Results in the accompanying schedule of findings identifies the School District's major federal program.

#### Management's Responsibility

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

#### Auditor's Responsibility

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

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

### Opinion on Each Major Federal Program

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

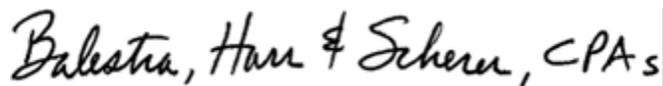
### **Report on Internal Control Over Compliance**

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

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

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

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



Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 12, 2013

**Wheelersburg Local School District**  
**Schedule of Findings**  
**OMB Circular A-133 Section .505**  
**For The Fiscal Year Ended June 30, 2013**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies CFDA # 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

*Wheelersburg Local School District*  
Schedule of Findings  
OMB Circular A-133 Section .505  
(Continued)  
For The Fiscal Year Ended June 30, 2013

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

**None**

**3. FINDINGS FOR FEDERAL AWARDS**

**None**



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## Independent Accountants' Report on Applying Agreed-Upon Procedure

Wheelersburg Local School District  
P.O. Box 340  
Wheelersburg, OH 45694

Members of the Board of Education

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

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

1. We noted Wheelersburg Local School District amended its anti-harassment policy at its meeting on November 26, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 12, 2013



# Dave Yost • Auditor of State

**WHEELERSBURG LOCAL SCHOOL DISTRICT**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 3, 2014**