



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington-Nile Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2014, 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.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
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www.ohioauditor.gov

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington-Nile Local School District, Scioto County, Ohio, as of June 30, 2014, 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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

March 23, 2015

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WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014 Unaudited

As management of the Washington-Nile Local School District (the "School District"), we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the basic financial statements and additional information that we have provided in the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2014 are as follows:

- Net position of governmental activities decreased \$710,655 from the prior fiscal year.
- General revenues accounted for \$12,249,054. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$4,470,377 of total revenues of \$16,719,431.
- The School District had \$17,430,086 in expenses related to governmental activities; only \$4,470,377 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest. General revenues (primarily grants, entitlements and property taxes) of \$12,249,054 were not adequate to provide for these programs.

Using the Basic Financial Statements

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

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

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 2014?"

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for fiscal year 2014 and fiscal year 2013:

(Table 1)
Net Position
Governmental Activities

	2014	2013	Increase/ (Decrease)
<u>Assets:</u>			
Current Assets	\$7,748,917	\$7,678,495	\$70,422
Capital Assets, Net	32,523,340	33,544,498	(1,021,158)
<i>Total Assets</i>	<u>40,272,257</u>	<u>41,222,993</u>	<u>(950,736)</u>
<u>Liabilities:</u>			
Other Liabilities	1,628,247	1,766,130	(137,883)
Long-Term Liabilities	1,327,151	1,476,719	(149,568)
<i>Total Liabilities</i>	<u>2,955,398</u>	<u>3,242,849</u>	<u>(287,451)</u>
<u>Deferred Inflows of Resources:</u>			
Property Taxes	1,508,257	1,460,887	47,370
<u>Net Position:</u>			
Net Investment in Capital Assets	31,483,195	32,403,358	(920,163)
Restricted	1,366,667	1,673,987	(307,320)
Unrestricted	2,958,740	2,441,912	516,828
<i>Total Net Position</i>	<u>\$35,808,602</u>	<u>\$36,519,257</u>	<u>(\$710,655)</u>

Total Assets decreased \$950,736. Capital Assets, Net decreased significantly in the amount of \$1,021,158 due to current year depreciation exceeding current year asset additions.

Total Liabilities decreased \$287,451 when compared to the prior fiscal year. Other Liabilities reflected a slight decrease as a result of a decrease in Contracts Payable and Retainage Payable as a majority of the facility construction was complete. Long-Term Liabilities decreased as a result of the School District paying current fiscal year debt obligations.

Net Investment in Capital Assets for governmental activities decreased \$920,163 due to current fiscal year depreciation exceeding current fiscal year additions. Restricted Net Position had a decrease \$307,320 due to the School District not receiving the rest of their Ohio Schools Facilities grant. Unrestricted Net Position for governmental activities increased \$516,828 resulting primarily from changes in State foundation monies as well as the School District monitoring expenditures.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
Unaudited

Table 2 shows the changes in net assets for fiscal years 2014 and 2013.

(Table 2)
Change in Net Position
Governmental Activities

	2014	2013	Increase/ (Decrease)
<u>Revenues:</u>			
Program Revenues:			
Charges for Services and Sales	\$1,706,322	\$1,702,145	\$4,177
Operating Grants, Contributions and Interest	2,764,055	2,727,856	36,199
<i>Total Program Revenues</i>	<u>4,470,377</u>	<u>4,430,001</u>	<u>40,376</u>
General Revenues:			
Property Taxes	1,577,207	1,635,774	(58,567)
Grants and Entitlements not Restricted to Specific Programs	10,423,119	9,754,178	668,941
Investment Earnings	45,707	21,784	23,923
Miscellaneous	203,021	206,166	(3,145)
<i>Total General Revenues</i>	<u>12,249,054</u>	<u>11,617,902</u>	<u>631,152</u>
<i>Total Revenues</i>	<u>16,719,431</u>	<u>16,047,903</u>	<u>671,528</u>
<u>Program Expenses</u>			
Instruction:			
Regular	6,995,054	6,772,287	222,767
Special	2,905,015	2,591,483	313,532
Vocational	113,225	110,434	2,791
Student Intervention Services	33,851	29,985	3,866
Support Services:			
Pupils	774,653	855,787	(81,134)
Instructional Staff	747,480	885,492	(138,012)
Board of Education	45,067	52,108	(7,041)
Administration	1,335,717	1,228,345	107,372
Fiscal	367,639	357,448	10,191
Operation and Maintenance of Plant	1,724,534	1,723,957	577
Pupil Transportation	940,153	877,811	62,342
Operation of Non-Instructional Services:	822,978	855,987	(33,009)
Extracurricular Activities	580,284	526,261	54,023
Interest and Fiscal Charges	44,436	17,598	26,838
<i>Total Expenses</i>	<u>17,430,086</u>	<u>16,884,983</u>	<u>545,103</u>
Change in Net Position	(710,655)	(837,080)	126,425
Net Position Beginning of Year	36,519,257	37,356,337	(837,080)
Net Position End of Year	<u>\$35,808,602</u>	<u>\$36,519,257</u>	<u>(\$710,655)</u>

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014 Unaudited

Governmental Activities

Program revenues, which are primarily represented by tuition and fees, charges for extracurricular activities, food service sales, and restricted intergovernmental revenues, were \$4,470,377 of total revenues for fiscal year 2014 and varied slightly from fiscal year 2013.

As stated previously, general revenues represent \$12,249,054 of the School District's total revenues, the changes of which are significant. The increase was due to changes in the State Foundation monies.

The major program expense for governmental activities, as expected, is for instruction, which accounts for \$10,047,145 of all governmental expenses. The instruction category, however, does not include all activities associated with educating students as the pupils, instructional staff, and pupil transportation costs have a significant role in delivering education. However, a comparison to the prior fiscal year demonstrates insignificant changes in most areas of expenses except for regular and special instruction. Regular and special instruction demonstrated a significant increase compared to fiscal year 2013. This was due to salary raises, increases in health insurance expenses, and the reclassification of certain employees out of instructional staff and into regular or special instruction.

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$16,895,371 and expenditures of \$16,560,225.

The net change in fund balance for the fiscal year in the General Fund was an increase of \$413,491. This increase resulted mainly from the School District's revenues exceeding the expenditures in addition to an increase in State Foundation monies.

The Bond Retirement Debt Service fund decreased \$35,648, which is insignificant.

General Fund – Budget Highlight

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

During fiscal year 2014, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund's original and final budgeted amounts is listed on page 17, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, final estimated and actual revenues were \$14,573,398 with original estimated revenues of \$13,303,560, a significant increase of \$1,269,838. The majority of the increase stemmed from an increase in State foundation payment and conservative revenue estimates.

Final estimated and actual expenditures were \$14,354,875, with original estimated expenditures of \$14,952,856.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2014

Unaudited

Capital Assets

At the end of fiscal year 2014, the School District had \$32,523,340 invested in capital assets (net of accumulated depreciation), a decrease when compared to the prior fiscal year balance. For additional information regarding the School District's capital assets, refer to Note 9 in the basic financial statements.

Debt

At June 30, 2014, the School District had \$360,000 in serial bonds outstanding, with \$145,000 due within one year. The School District's Energy Conservation Bonds outstanding amount is \$680,145, with \$67,220 due in one year. For further information regarding the School District's long-term obligations, refer to Note 14 in the basic financial statements

Contacting the School District's Financial Management

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$5,299,920
Cash and Cash Equivalents with Fiscal Agents	38,964
Investments	46,013
Materials and Supplies Inventory	42,201
Inventory Held for Resale	8,125
Accrued Interest Receivable	4,047
Accounts Receivable	22,994
Intergovernmental Receivable	222,231
Prepaid Items	4,832
Property Taxes Receivable	2,059,590
Capital Assets:	
Land and Construction in Progress	1,852,309
Depreciable Capital Assets, Net	30,671,031
	<hr/>
<i>Total Assets</i>	40,272,257
<u>Liabilities:</u>	
Accounts Payable	194,761
Accrued Wages and Benefits Payable	1,155,712
Intergovernmental Payable	265,978
Accrued Interest Payable	9,638
Retainage Payable	2,158
Long-Term Liabilities:	
Due Within One Year	332,770
Due in More Than One Year	994,381
	<hr/>
<i>Total Liabilities</i>	2,955,398
<u>Deferred Inflows of Resources</u>	
Property Taxes	1,508,257
	<hr/>
<u>Net Position</u>	
Net Investment in Capital Assets	31,483,195
Restricted for Debt Service	640,685
Restricted for Capital Projects	108,031
Restricted for Other Purposes:	
Classroom Facilities Maintenance	454,017
Food Service	89,858
Athletics	50,350
Other	23,726
Unrestricted	2,958,740
	<hr/>
<i>Total Net Position</i>	\$35,808,602
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See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2014

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Total Governmental Activities	
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$6,995,054	\$1,236,451	\$225,551	(\$5,533,052)
Special	2,905,015	30,037	1,867,956	(1,007,022)
Vocational	113,225	0	11,135	(102,090)
Student Intervention Services	33,851	0	0	(33,851)
Support Services:				
Pupils	774,653	0	51,983	(722,670)
Instructional Staff	747,480	0	103,145	(644,335)
Board of Education	45,067	0	0	(45,067)
Administration	1,335,717	0	69,731	(1,265,986)
Fiscal	367,639	0	0	(367,639)
Operation and Maintenance of Plant	1,724,534	0	0	(1,724,534)
Pupil Transportation	940,153	0	18,765	(921,388)
Operation of Non-Instructional Services:				
Food Service Operations	822,978	180,715	415,789	(226,474)
Extracurricular Activities	580,284	259,119	0	(321,165)
Interest and Fiscal Charges	44,436	0	0	(44,436)
<i>Total Governmental Activities</i>	\$17,430,086	\$1,706,322	\$2,764,055	(12,959,709)
<u>General Revenues:</u>				
Property Taxes Levied for:				
				1,477,512
				74,651
				25,044
Grants and Entitlements not				
				10,423,119
				45,707
				203,021
<i>Total General Revenues</i>				12,249,054
<i>Change in Net Position</i>				(710,655)
<i>Net Position at Beginning of Year</i>				36,519,257
<i>Net Position at End of Year</i>				\$35,808,602

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2014

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,699,076	\$625,083	\$975,761	\$5,299,920
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	0	0	38,964	38,964
Investments	0	0	46,013	46,013
Receivables:				
Accounts	22,180	0	814	22,994
Property Taxes	1,826,401	201,324	31,865	2,059,590
Intergovernmental	31,302	0	190,929	222,231
Accrued Interest	4,047	0	0	4,047
Prepaid Items	4,682	0	150	4,832
Materials and Supplies Inventory	39,646	0	2,555	42,201
Inventory Held for Resale	0	0	8,125	8,125
Total Assets	\$5,627,334	\$826,407	\$1,295,176	\$7,748,917
<u>Liabilities:</u>				
Accounts Payable	\$165,117	\$0	\$29,644	\$194,761
Accrued Wages and Benefits Payable	940,182	0	215,530	1,155,712
Intergovernmental Payable	235,041	0	30,937	265,978
Retainage Payable	2,158	0	0	2,158
Total Liabilities	1,342,498	0	276,111	1,618,609
<u>Deferred Inflows of Resources:</u>				
Property Taxes	1,309,075	176,084	23,098	1,508,257
Unavailable Revenue	462,186	21,287	198,348	681,821
Total Deferred Inflows of Resources	1,771,261	197,371	221,446	2,190,078
<u>Fund Balances:</u>				
Nonspendable	44,328	0	2,705	47,033
Restricted	0	629,036	692,135	1,321,171
Committed	73,288	0	0	73,288
Assigned	640,573	0	285,519	926,092
Unassigned (Deficit)	1,755,386	0	(182,740)	1,572,646
Total Fund Balances	2,513,575	629,036	797,619	3,940,230
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$5,627,334	\$826,407	\$1,295,176	\$7,748,917

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2014

Total Governmental Fund Balances \$3,940,230

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

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

	Land	1,852,309	
	Depreciable Capital Assets	44,392,533	
	Accumulated Depreciation	(13,721,502)	
Total		32,523,340	32,523,340

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	466,513	
	Intergovernmental	214,959	
	Interest	349	
Total		681,821	681,821

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (9,638)

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

	Bonds Payable	(1,040,145)	
	Compensated absences	(287,006)	
Total		(1,327,151)	(1,327,151)

Net Position of Governmental Activities \$35,808,602

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$1,433,721	\$101,468	\$24,464	\$1,559,653
Intergovernmental	11,643,115	27,576	1,698,569	13,369,260
Investment Earnings	56,707	0	408	57,115
Tuition and Fees	1,266,488	0	0	1,266,488
Extracurricular Activities	24,873	0	234,246	259,119
Charges for Sales and Services	0	0	180,715	180,715
Miscellaneous	178,830	0	24,191	203,021
<i>Total Revenues</i>	<u>14,603,734</u>	<u>129,044</u>	<u>2,162,593</u>	<u>16,895,371</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,219,704	0	230,173	6,449,877
Special	1,987,513	0	780,817	2,768,330
Vocational	105,610	0	0	105,610
Student Intervention Services	33,851	0	0	33,851
Support Services:				
Pupils	674,224	0	48,365	722,589
Instructional Staff	615,676	0	106,023	721,699
Board of Education	45,067	0	0	45,067
Administration	1,187,283	0	64,876	1,252,159
Fiscal	347,974	0	0	347,974
Operation and Maintenance of Plant	1,589,965	0	64,671	1,654,636
Pupil Transportation	900,112	0	23,718	923,830
Operation of Non-Instructional Services:				
Food Service Operations	63	0	689,417	689,480
Extracurricular Activities	217,335	0	245,575	462,910
Capital Outlay	104,538	0	26,655	131,193
Debt Service:				
Principal Retirement	64,855	140,000	0	204,855
Interest and Fiscal Charges	21,473	24,692	0	46,165
<i>Total Expenditures</i>	<u>14,115,243</u>	<u>164,692</u>	<u>2,280,290</u>	<u>16,560,225</u>
Excess of Revenues Over (Under) Expenditures	<u>488,491</u>	<u>(35,648)</u>	<u>(117,697)</u>	<u>335,146</u>
<u>Other Financing Sources (Uses):</u>				
Transfers In	0	0	75,000	75,000
Transfers Out	(75,000)	0	0	(75,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(75,000)</u>	<u>0</u>	<u>75,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	413,491	(35,648)	(42,697)	335,146
<i>Fund Balances at Beginning of Year</i>	<u>2,100,084</u>	<u>664,684</u>	<u>840,316</u>	<u>3,605,084</u>
<i>Fund Balances at End of Year</i>	<u><u>\$2,513,575</u></u>	<u><u>\$629,036</u></u>	<u><u>\$797,619</u></u>	<u><u>\$3,940,230</u></u>

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
 Reconciliation of the Statement of Revenues, Expenditures
 and Changes in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2014

Net Change in Fund Balances - Total Governmental Funds \$335,146

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

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

Capital assets additions	183,496	
Depreciation expense	(1,204,654)	
Excess of depreciation expense over capital outlay		(1,021,158)

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	17,554	
Intergovernmental	(182,354)	
Interest	(11,140)	
Total		(175,940)

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

Bond principal retirement	204,855
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Accrued Interest Payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.

Decrease in accrued interest	1,729
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences payable	(55,287)
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Change in Net Position of Governmental Activities (\$710,655)

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2014

	Budget Amounts		Actual	Variance With Final Budget Over/(Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$1,703,301	\$1,466,732	\$1,466,732	\$0
Intergovernmental	10,197,751	11,639,330	11,639,330	0
Investment Earnings	32,200	30,807	30,807	0
Tuition and Fees	1,206,976	1,266,494	1,266,494	0
Extracurricular Activities	500	0	0	0
Charges for Sales and Services	10,500	0	0	0
Miscellaneous	152,332	170,035	170,035	0
<i>Total Revenues</i>	<u>13,303,560</u>	<u>14,573,398</u>	<u>14,573,398</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	6,326,305	6,163,985	6,163,985	0
Special	1,856,197	2,009,256	2,009,256	0
Vocational	106,750	106,011	106,011	0
Student Intervention Services	47,467	34,169	34,169	0
Support Services:				
Pupils	743,635	676,502	676,502	0
Instructional Staff	730,689	562,897	562,897	0
Board of Education	98,145	68,622	68,622	0
Administration	1,188,985	1,189,299	1,189,299	0
Fiscal	374,508	351,626	351,626	0
Operation and Maintenance of Plant	1,867,267	1,659,011	1,659,011	0
Pupil Transportation	983,488	918,311	918,311	0
Operation of Non-Instructional Services:				
Food Service Operations	900	63	63	0
Extracurricular Activities	145,572	126,211	126,211	0
Capital Outlay	396,620	359,420	359,420	0
Debt Service:				
Principal Retirement	86,328	98,225	98,225	0
Interest and Fiscal Charges	0	31,267	31,267	0
<i>Total Expenditures</i>	<u>14,952,856</u>	<u>14,354,875</u>	<u>14,354,875</u>	<u>0</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(1,649,296)</u>	<u>218,523</u>	<u>218,523</u>	<u>0</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	46,971	46,971	0
Proceeds from Sale of Capital Assets	3,500	0	0	0
Transfers Out	<u>(100,000)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(96,500.00)</u>	<u>(153,029)</u>	<u>(153,029)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(1,745,796)</u>	<u>65,494</u>	<u>65,494</u>	<u>0</u>
<i>Fund Balance at Beginning of Year</i>	<u>2,670,817</u>	<u>2,670,817</u>	<u>2,670,817</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>549,737</u>	<u>549,737</u>	<u>549,737</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$1,474,758</u>	<u>\$3,286,048</u>	<u>\$3,286,048</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2014

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$116,389	\$21,926
Receivables:		
Accrued Interest	230	0
	<u> </u>	<u> </u>
<i>Total Assets</i>	<u>\$116,619</u>	<u>\$21,926</u>
<u>Liabilities:</u>		
Undistributed Monies	0	\$21,926
	<u> </u>	<u> </u>
<u>Net Position:</u>		
Held in Trust for Scholarships	<u>\$116,619</u>	

See accompanying notes to the basic financial statements

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Fiscal Year Ended June 30, 2014

	<u>Private Purpose Trust</u>
	<u>Scholarships</u>
<u>Additions:</u>	
Investment Earnings	\$647
Gifts and Donations	17,031
Miscellaneous	<u>500</u>
<i>Total Additions</i>	18,178
<u>Deductions:</u>	
Scholarships Awarded in Accordance with Trust Agreement	<u>13,700</u>
<i>Change in Net Position</i>	4,478
<i>Net Position at Beginning of Year</i>	<u>112,141</u>
<i>Net Position at End of Year</i>	<u><u>\$116,619</u></u>

See accompanying notes to the basic financial statements

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WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District serves an area of approximately 68 square miles. It is located in Scioto County and is composed of Washington and Nile Townships. It is staffed by 63 non-certificated employees, 103 certificated full-time teaching personnel and 10 administrative employees who provide services to 1,551 students and other community members. The School District currently operates three buildings.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, 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, one as a public entity shared risk pool, and one as an insurance purchasing pool. These organizations are presented in Note 16 to the basic financial statements.

Jointly Governed Organizations:

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

Public Entity Shared Risk Pool:

Optimal Health Initiatives Consortium

Insurance Purchasing Pool:

Ohio SchoolComp Workers’ Compensation Group Rating Plan

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

Governmental Funds

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

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

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

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

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources:

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

For the School District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, interest and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Expenses/Expenditures

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

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

Cash and Cash Equivalents

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

During fiscal year 2014, the School District's investments were limited to Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Bonds, negotiable certificates of deposit, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for on June 30, 2014.

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 2014 amounted to \$56,707, which includes \$12,358 from other School District funds.

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the Nonmajor Governmental Funds represent cash and cash equivalents legally required to be set aside by the School District for the School District's local share of the Ohio School Facilities Commission building project.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Inventory

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

Capital Assets

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

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

Fund Balance

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

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

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

In the General Fund, assigned amounts represent amounts assigned by the Treasurer for encumbered amounts for outstanding obligations, future appropriations, and amounts assigned to the School District principals for certain curricular and extracurricular activities. These individuals have been given authority to assign amounts for these purposes by the School District Board of Education.

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

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

Net Position

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

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

Internal Activity

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

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

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

Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

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

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

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

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

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

Estimates

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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:

Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total
<i>Nonspendable</i>				
Prepays	\$4,682	\$0	\$150	\$4,832
Inventory	39,646	0	2,555	42,201
Total Nonspendable	44,328	0	2,705	47,033
<i>Restricted for</i>				
Debt Payment	0	629,036	0	629,036
Food Service Operations	0	0	87,303	87,303
Classroom Facilities				
Maintenance	0	0	446,448	446,448
District Managed				
Student Activities	0	0	50,350	50,350
State and Federal				
Grants	0	0	3	3
School Facilities Project	0	0	108,031	108,031
Total Restricted	0	629,036	692,135	1,321,171
<i>Committed to</i>				
Termination Benefits	73,288	0	0	73,288
<i>Assigned to</i>				
Purchases on Order	186,695	0	0	186,695
Future Appropriations	384,436	0	0	384,436
Capital Improvements	0	0	285,519	285,519
Assigned to Principals				
Fund	69,442	0	0	69,442
Total Assigned	640,573	0	285,519	926,092
<i>Unassigned (Deficit)</i>	1,755,386	0	(182,740)	1,572,646
Total Fund Balances	\$2,513,575	\$629,036	\$797,619	\$3,940,230

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 4 – ACCOUNTABILITY

At June 30, 2014, the following funds had a deficit fund balance:

<u>Funds</u>	<u>Amounts</u>
Title I	\$92,911
Special Education, Part B-IDEA	38,458
Title II - A, Improving Teacher Quality	20,556
Miscellaneous Federal Grants	5,954
Public School Preschool	24,861
Total	<u>\$182,740</u>

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

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$413,491
Adjustments:	
Revenue Accruals	97,850
Expenditure Accruals	(115,926)
Encumbrances	(244,365)
Transfers	(125,000)
Net Decrease in Fair Value of Investments - Fiscal Year 2014	1,627
Net Decrease in Fair Value of Investments - Fiscal Year 2013	(23,829)
Perspective Differences	61,646
Budget Basis	<u><u>\$65,494</u></u>

NOTE 6 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

Deposits: Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$3,388,502 of the School District's bank balance of \$3,649,859 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

Investments: As of June 30, 2014, the School District had the following investments:

	Fair Value	Investment Maturities Less Than 1 Year	Investment Maturities (in Years) 1 - 5	Call Date	S&P Rating	Percent of Total Investments
Federal Home Loan Bank Bonds	\$599,760	\$0	\$599,760	8/28/2014	AA+	28.04%
Federal Home Loan Mortgage Corporation Bonds	399,896	0	399,896	7/30/2014	AA+	18.69%
Negotiable Certificates of Deposit	750,230	250,230	500,000	----	----	35.07%
STAROhio	389,439	389,439	0	----	AAA _m	18.20%
Totals	\$2,139,325	\$639,669	\$1,499,656			

Interest Rate Risk

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

Credit Risk

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

Concentration of Credit Risk

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

NOTE 7 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013, and are collected in calendar year 2013 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Scioto County. The Scioto County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property which are measurable as of June 30, 2014, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows – property taxes.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The amount available as an advance at June 30, 2014, was \$79,519 in the General Fund, \$3,953 in the Bond Retirement Fund, and \$1,348 in Nonmajor Governmental Funds. The amount available as an advance at June 30, 2013 was \$112,530 in the General Fund, \$13,897 in the Bond Retirement Fund, and \$1,942 in Nonmajor Governmental Funds.

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

The assessed values upon which fiscal year 2014 taxes were collected are:

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$78,822,540	95.01%	\$80,749,160	94.92%
Public Utility Personal	4,138,810	4.99%	4,317,950	5.08%
Total Assessed Value	<u>\$82,961,350</u>	<u>100.00%</u>	<u>\$85,067,110</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$28.31		\$26.81	

NOTE 8 – RECEIVABLES

Receivables at June 30, 2014, consisted of accounts, property taxes, intergovernmental grants, and accrued interest. All receivables are considered collectible in full and will be received within one fiscal year with the exception of the property taxes. 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:

	Amount
<u>Governmental Activities:</u>	
Miscellaneous Reimbursements	\$31,302
Early Childhood Education	29,745
Special Education, IDEA-B	57,297
Title I	82,956
Title II - A, Improving Teacher Quality	17,378
Title VI-B, Rural and Low Income	3,553
Total Intergovernmental Receivables	<u>\$222,231</u>

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The School District was awarded a grant in the amount of \$15,662,992 on September 19, 2008, from the Ohio School Facilities Commission for the construction of a new middle school facility, as well as to demolish the existing middle school building. During fiscal year 2011, the School District was awarded an additional \$1,032,428 in school facilities grants to further assist in the construction of the new middle school. This brings the total monies awarded by the Ohio School Facilities Commission to \$16,695,420 for this project. However, \$239,772 will not be received by the School District.

NOTE 9 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2014, was as follows:

	Balance at 6/30/13	Additions	Deletions	Balance at 6/30/14
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$1,852,309	\$0	\$0	\$1,852,309
Construction in Progress	641,140	96,696	(737,836)	0
Total Capital Assets Not Being Depreciated	2,493,449	96,696	(737,836)	1,852,309
Capital Assets Being Depreciated:				
Land Improvements	2,415,085	0	0	2,415,085
Buildings and Improvements	37,004,978	737,836	0	37,742,814
Furniture, Fixtures and Equipment	2,887,131	0	0	2,887,131
Vehicles	1,260,703	86,800	0	1,347,503
Total Capital Assets Being Depreciated	43,567,897	824,636	0	44,392,533
Less Accumulated Depreciation:				
Land Improvements	(1,310,066)	(110,406)	0	(1,420,472)
Building and Improvements	(8,635,919)	(863,197)	0	(9,499,116)
Furniture, Fixtures and Equipment	(1,639,386)	(172,550)	0	(1,811,936)
Vehicles	(931,477)	(58,501)	0	(989,978)
Total Accumulated Depreciation	(12,516,848)	(1,204,654) *	0	(13,721,502)
Total Capital Assets Being Depreciated, Net	31,051,049	(380,018)	0	30,671,031
Governmental Activities				
Capital Assets, Net	\$33,544,498	(\$283,322)	(\$737,836)	\$32,523,340

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$513,199
Special	123,820
Vocational	7,615
Support Services:	
Pupils	51,279
Instructional Staff	41,023
Administration	66,663
Fiscal	15,384
Operation and Maintenance of Plant	67,552
Pupil Transportation	67,247
Operation of Non-Instructional Services:	
Food Service Operations	133,498
Extracurricular Activities	117,374
Total Depreciation Expense	<u>\$1,204,654</u>

NOTE 10 – RISK MANAGEMENT

Property and Liability Insurance

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

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

Employee Medical and Dental Benefits

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

Workers’ Compensation

For fiscal year 2014, the School District participated in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduce premium for the School District by virtue of its grouping and representation with other participants in the GRP.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 11 – DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2014, 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, 2014, 2013, and 2012 were \$207,839, \$208,030, and \$203,734, respectively. The full amount has been contributed for fiscal years 2014, 2013, and 2012.

State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

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 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$839,094, \$876,973, and \$756,116, respectively. For fiscal year 2014, 84.51 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012.

Contributions to STRS Ohio for the DC Plan and for fiscal year 2014 were \$1,265 made by the School District and \$994 made by the plan members. In addition, member contributions of \$10,264 were made for fiscal year 2014 for the defined contribution portion of the Combined Plan.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2014, all five members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 – POSTEMPLOYMENT BENEFITS

School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 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 2014, this amount was \$20,250. During fiscal year 2014, the School District paid \$31,200 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, 2014, 2013, and 2012 were \$33,421, \$33,655, and \$32,568, respectively. The full amount has been contributed for fiscal years 2014, 2013, and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2014, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$11,740, \$11,751, and \$12,032, respectively. The full amount has been contributed for fiscal years 2014, 2013, and 2012.

State Teachers Retirement System of Ohio

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, 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, 2014, 2013, and 2012 were \$64,546, \$67,459, and \$58,163, respectively. For fiscal year 2014, 84.51 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2013 and 2012. The STRS Board voted to discontinue the current one percent allocation to the health care fund effective July 1, 2014.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 13 – EMPLOYEE BENEFITS

Compensated Absences

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

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

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

Insurance Benefits

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

Deferred Compensation

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 14 – LONG-TERM OBLIGATIONS

The changes in the School District’s long-term obligations during the fiscal year 2014 were as follows:

	Principal Outstanding 6/30/13	Additions	Deductions	Principal Outstanding 6/30/14	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General Obligation Bonds:					
2001 Refunding Classroom Facilities					
Serial Bonds 3.3% to 5%	\$500,000	\$0	\$140,000	\$360,000	\$145,000
2013 HB 264 Energy					
Conservation Bonds	745,000	0	64,855	680,145	67,220
Total General Obligation Bonds	1,245,000	0	204,855	1,040,145	212,220
Compensated Absences	231,719	143,919	88,632	287,006	120,550
Total Governmental Activities					
Long-Term Obligations	\$1,476,719	\$143,919	\$293,487	\$1,327,151	\$332,770

2001 Refunding Classroom Facilities Bonds - On July 1, 2001, the School District issued \$1,464,942 in General Obligation Bonds to advance refund \$1,465,000 of outstanding 1994 Classroom Facilities General Obligation Bonds with an interest rate of 5.80 percent to 6.45 percent. The bond issue included serial and capital appreciation bonds in the amounts of \$1,355,000 and \$109,942, respectively, with interest rates ranging from 3.30 percent to 5.00 percent. The capital appreciation bonds matured in fiscal years 2011, 2012, and 2013. The serial bonds were issued for a 15 year period with a final maturity during fiscal year 2017. The bonds will be retired from the Debt Service Fund.

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

Compensated absences will be paid from the Termination Benefits Fund.

The School District’s overall legal debt margin was \$7,925,076 with an unvoted debt margin of \$85,067, and an Energy Conservation debt margin of \$85,459 at June 30, 2014.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Principal and interest requirements to retire the outstanding debt obligations at June 30, 2014, are as follows:

Fiscal year Ending June 30,	Serial Bonds		Energy Conservation Bonds		Total
	Principal	Interest	Principal	Interest	
2015	\$145,000	\$14,192	\$67,220	\$19,108	\$245,520
2016	150,000	6,963	69,170	17,158	243,291
2017	65,000	1,625	71,177	15,151	152,953
2018	0	0	73,241	13,087	86,328
2019	0	0	75,366	10,962	86,328
2020-2023	0	0	323,971	21,343	345,314
Total	\$360,000	\$22,780	\$680,145	\$96,809	\$1,159,734

NOTE 15 – INTERFUND ACTIVITY

Transfers made during the fiscal year ended June 30, 2014, were as follows:

	Transfers From
	General Fund
	<hr/>
Transfers To	
Nonmajor	
Governmental Funds	<u>\$75,000</u>

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

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

Jointly Governed Organizations

South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG)

The School District is a participant in the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG), which is organized under ORC Code Chapter 167 as a regional council of governments. SCOCARCoG 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.

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2014

The governing board of SCOCARCoG consists of two representatives from each county in the SCOCARCoG 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 SCOCARCoG 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 SCOCARCoG \$152,521 for services provided during the fiscal year. Financial information can be obtained from the SCOCA Council of Governments, Sandra Benson, Fiscal Officer, at P.O. Box 596, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

Metropolitan Educational Council

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

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

Southern Ohio Academy

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Public Entity Shared Risk Pool

Optimal Health Initiatives Consortium

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

Insurance Purchasing Pool

Ohio SchoolComp Workers’ Compensation Group Rating Plan

The School District participates in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the GRP. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

NOTE 17 – SET-ASIDE CALCULATIONS

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

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

	<u>Capital Acquisitions</u>
Set-aside Reserve Balance as of June 30, 2013	\$0
Current Fiscal Year Set-aside Requirement	259,328
Current Fiscal Year Offsets	(234,852)
Qualifying Disbursements	<u>(78,179)</u>
Set-aside Reserve Balance as of June 30, 2014	<u>(\$53,703)</u>
Required Set-aside Balances Carried Forward to FY 2015	<u><u>\$0</u></u>

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

WASHINGTON-NILE LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 18 – SIGNIFICANT COMMITMENTS

Contractual Commitments

The School District contracted for the construction of a new middle school. The outstanding construction commitments at June 30, 2014, are:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/14</u>
Vista Consulting Group	\$770,500	\$745,678	\$24,822
DCK North America LLC	826,340	806,567	19,773
Total	<u>\$1,596,840</u>	<u>\$1,552,245</u>	<u>\$44,595</u>

Encumbrances

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

General Fund	\$244,365
Nonmajor Governmental Funds	97,078
Total	<u>\$341,443</u>

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, 2014, if applicable, cannot be determined at this time.

Litigation

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

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Grant Year	Federal CFDA Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	2013/2014	10.555	\$5,730	\$5,730
Cash Assistance:				
School Breakfast Program	2013/2014	10.553	105,754	105,754
National School Lunch Program	2013/2014	10.555	323,758	323,758
Summer Food Service Program	2013/2014	10.559	3,309	3,309
Cash Assistance Subtotal			<u>432,821</u>	<u>432,821</u>
Total Child Nutrition Cluster			<u>438,551</u>	<u>438,551</u>
Total U.S. Department of Agriculture			438,551	438,551
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	2013	84.010	58,574	67,298
	2014		<u>546,943</u>	<u>538,664</u>
Total Title I Grants to Local Educational Agencies			605,517	605,962
Special Education - Grants to States	2013	84.027	29,107	34,035
	2014		<u>253,217</u>	<u>252,191</u>
Total Special Education - Grants to States			282,324	286,226
Rural Education	2013	84.358	2,636	2,644
	2014		<u>22,459</u>	<u>22,395</u>
Total Rural Education			25,095	25,039
Improving Teacher Quality State Grants	2013	84.367	11,501	13,067
	2014		<u>112,661</u>	<u>112,487</u>
Total Improving Teacher Quality State Grants			<u>124,162</u>	<u>125,554</u>
Total U.S. Department of Education			<u>1,037,098</u>	<u>1,042,781</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,475,649</u>	<u>\$1,481,332</u>

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C - FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington-Nile Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 23, 2015.

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 opinions 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.



Dave Yost
Auditor of State

Columbus, Ohio

March 23, 2015



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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Washington-Nile Local School District's, Scioto County, Ohio (the School District), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Washington-Nile Local School District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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



Dave Yost
Auditor of State

Columbus, Ohio

March 23, 2015

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Child Nutrition Cluster – CFDA #'s 10.553, 10.555, 10.559 • Title I Grants to Local Educational Agencies – CFDA # 84.010 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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WASHINGTON- NILE LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 7, 2015