

***WHEELERSBURG  
LOCAL SCHOOL DISTRICT***

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**SCIOTO COUNTY**

**SINGLE AUDIT**

**For the Fiscal Year Ended June 30, 2014**

**J.L. UHRIG**  
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS







# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Wheelersburg Local School District, Scioto County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

May 15, 2015

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***For the Fiscal Year Ended June 30, 2014***

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## Independent Auditor's Report

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

### **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 Wheelersburg Local School District (District), Scioto County as of and for the year ended June 30, 2014, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Education  
Wheelersburg Local School District  
Independent Auditor's Report

***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 District as of June 30, 2014, and the respective changes in financial position 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 that the Management's Discussion and Analysis on pages 4-9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Supplemental and Other Information*

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements taken as a whole. The schedule of expenditures of federal awards is required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The schedule of expenditures of federal awards is presented for purpose of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Board of Education  
Wheelersburg Local School District  
Independent Auditor's Report

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 3, 2015, on our consideration of the 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

March 3, 2015

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

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The discussion and analysis of the Wheelersburg Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

- In total, Net Position decreased \$1,389,724.
- General revenues accounted for \$10,846,415. Program specific revenues in the form of charges for services and sales, grants, contributions, and interest accounted for \$4,967,053 of total revenues of \$15,813,468.
- The School District had \$17,203,192 in expenses related to governmental activities; only \$4,967,053 of these expenses were offset by program specific charges for services and sales, grants, contributions, and interest. General revenues (primarily grants and entitlements and property taxes) of \$10,846,415 were not adequate to provide for these programs.

### **Using the Basic Financial Statements**

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

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

### **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 statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

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In the Statement of Net Position and the Statement of Activities, the School District has only one kind of activity: governmental activities. Governmental activities report all of the School District's educational programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service.

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

#### **Fund Financial Statements**

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

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

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

#### **The School District as a Whole**

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

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

**Wheelersburg Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2014  
 Unaudited

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Table 1  
 Net Position

	Governmental Activities		Increase (Decrease)
	2014	2013	
<b><u>Assets:</u></b>			
Current Assets	\$7,899,191	\$8,157,157	(\$257,966)
Capital Assets, Net	34,860,607	36,273,504	(1,412,897)
<i>Total Assets</i>	<i>42,759,798</i>	<i>44,430,661</i>	<i>(1,670,863)</i>
 <b><u>Deferred Outflow of Resources</u></b>	 711,728	 749,187	 (37,459)
 <b><u>Liabilities:</u></b>			
Other Liabilities	1,530,899	1,578,668	(47,769)
Long-Term Liabilities	12,082,400	12,563,596	(481,196)
<i>Total Liabilities</i>	<i>13,613,299</i>	<i>14,142,264</i>	<i>(528,965)</i>
 <b><u>Deferred Inflow of Resources</u></b>	 3,436,799	 3,226,432	 210,367
 <b><u>Net Position:</u></b>			
Net Investment in Capital Assets	24,382,069	25,190,766	(808,697)
Restricted	1,801,370	2,414,991	(613,621)
Unrestricted	237,989	205,395	32,594
<i>Total Net Position</i>	<i>\$26,421,428</i>	<i>\$27,811,152</i>	<i>(\$1,389,724)</i>

Overall, a decrease of \$1,670,863 occurred within Total Assets when compared to the prior fiscal year. Overall, Capital Assets, Net decreased due to current year depreciation exceeding current year additions. Current Assets decreased mainly due to a decrease in Cash and Cash Equivalents. The primary reason for the decrease is that, during fiscal year 2014, the School District paid back the remaining balance of their Ohio School Facilities Commission fund to the Ohio School Facilities Commission as part of the close out process regarding the School District's building project.

Total Liabilities decreased \$528,965 for fiscal year 2014 when compared to the prior fiscal year. Other liabilities decreased primarily due to a decrease in retainage payable. The School District paid off the remaining retainage payable during fiscal year 2014. Long-term liabilities decreased due to the School District paying principal payments on their outstanding debt and capital leases.

Net Investment in Capital Assets decreased \$808,697 as a result of current year depreciation exceeding current year asset additions.

Restricted Net Position experienced a decrease of \$613,621 when compared to the prior fiscal year, mostly due the School District paid back the remaining balance of their Ohio School Facilities Commission fund to the Ohio School Facilities Commission as part of the close out process regarding the School District's building project.

Unrestricted Net Position increased \$32,594.

**Wheelersburg Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2014  
 Unaudited

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

Table 2  
 Change in Net Position

	Governmental Activities		Increase/ (Decrease)
	2014	2013	
<b><u>Revenues:</u></b>			
Program Revenues:			
Charges for Services and Sales	\$2,798,048	\$2,806,568	(\$8,520)
Operating Grants, Contributions and Interest	2,166,005	2,033,158	132,847
Capital Grants and Contributions	3,000	35,000	(32,000)
<i>Total Program Revenues</i>	<i>4,967,053</i>	<i>4,874,726</i>	<i>92,327</i>
General Revenues:			
Property Taxes	3,760,699	3,481,062	279,637
Grants and Entitlements not Restricted to Specific Programs	6,948,342	6,560,553	387,789
Contributions and Donations	13,427	13,006	421
Investment Earnings	33,558	17,428	16,130
Miscellaneous	90,389	79,872	10,517
<i>Total General Revenues</i>	<i>10,846,415</i>	<i>10,151,921</i>	<i>694,494</i>
<i>Total Revenues</i>	<i>15,813,468</i>	<i>15,026,647</i>	<i>786,821</i>
<b><u>Program Expense:</u></b>			
Instruction:			
Regular	8,232,784	7,983,475	249,309
Special	1,979,177	1,378,818	600,359
Vocational	0	5,458	(5,458)
Adult/Continuing	26,975	6,902	20,073
Support Services:			
Pupils	775,895	730,952	44,943
Instructional Staff	178,437	797,274	(618,837)
Board of Education	72,770	68,809	3,961
Administration	1,029,610	993,271	36,339
Fiscal	352,373	462,568	(110,195)
Operation and Maintenance of Plant	1,249,767	1,345,629	(95,862)
Pupil Transportation	558,686	511,463	47,223
Central	69,442	50,938	18,504
Operation of Non-Instructional Services	829,357	756,423	72,934
Extracurricular Activities	805,198	726,153	79,045
Interest and Fiscal Charges	449,324	483,202	(33,878)
Intergovernmental	593,397	0	593,397
<i>Total Expenses</i>	<i>17,203,192</i>	<i>16,301,335</i>	<i>901,857</i>
<i>Change in Net Position</i>	<i>(1,389,724)</i>	<i>(1,274,688)</i>	<i>(115,036)</i>
<i>Net Position at Beginning of Year</i>	<i>27,811,152</i>	<i>29,085,840</i>	<i>(1,274,688)</i>
<i>Net Position at End of Year</i>	<i>\$26,421,428</i>	<i>\$27,811,152</i>	<i>(\$1,389,724)</i>

***Wheelersburg Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

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Program revenues, which are primarily represented by tuition and fees, charges for extracurricular activities, food service sales, and restricted intergovernmental revenues, were \$4,967,053 of total revenues for fiscal year 2014 and varied insignificantly from fiscal year 2013. This \$92,327 increase was primarily the result of the School District receiving additional monies from the State of Ohio for Special Education teachers.

As stated previously, general revenues represent \$10,846,415 of the School District's total revenues, an increase of \$694,494 which is significant. This is due to increases in Property Taxes and Grants and Entitlements Not Restricted to Specific Programs. Property Taxes increased due to an increase in tax monies collected. Grants and Entitlements Not Restricted increased mainly due to an increase in funding received from the State of Ohio due to a school funding formula that was utilized during fiscal year 2014.

The major program expense for governmental activities, as expected, is for instruction, which accounts for \$10,238,936 of all governmental expenses. In total, expenses increased \$901,857, which is significant. The increases and decreases in Regular and Special Instruction and Instructional Staff is primarily the result of the State of Ohio changing where certain employees were to be paid from beginning in fiscal year 2014. Intergovernmental expense also had a large increase due to the School District paid back the remaining balance of their Ohio School Facilities Commission fund to the Ohio School Facilities Commission as part of the close out process regarding the School District's building project.

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

Information about the School District's most significant funds starts on page 12. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$15,767,094 and expenditures of \$16,246,653. The net change in fund balance for the fiscal year was most significant in the Other Governmental Funds with a decrease of \$633,967. This decrease was mainly the result of the School District paying back the remaining balance of their Ohio School Facilities Commission fund to the Ohio School Facilities Commission as part of the close out process regarding the School District's building project..

The General Fund had a \$120,287 increase in fund balance for the fiscal year. During fiscal year 2014, both revenues and expenditures increased compared to the prior year with the increase in revenues outpacing the increase in expenditures. The increase in revenues mainly occurred due to the increase in monies being provided by the State of Ohio as a result of the new school funding formula that was utilized during fiscal year 2014.

The Bond Retirement Debt Service Fund had an insignificant change with an increase of \$45,425.

**Wheelersburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2014  
Unaudited

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

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

During fiscal year 2014, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A review of the budgetary comparison statement for the General Fund reflects a \$622,337 increase between the original budget and final budget revenues. This increase was mainly due to an increase in estimated property tax collections and for intergovernmental monies. Property Taxes increased due to an increase in tax collections and Intergovernmental revenues increased mainly due to monies being provided by the State of Ohio as a result of the new school funding formula that was utilized during fiscal year 2014. For fiscal year 2014, there was a decrease between the final budget and actual revenues of \$811, which is insignificant.

The difference in expenditures from the original to the final budget was \$385,618. The main increase was in Special Instruction due to the School District receiving additional monies from the State of Ohio for Special Education teachers and programs. The decrease in expenditures from the final budget to actual expenditures was \$27,618. Several line items had actual expenditures less than the final budget. These were due to the School District monitoring expenditures throughout the year.

Actual General Fund revenues and other financing sources were less than expenditures and other financing uses by \$36,064.

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

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

At the end of fiscal year 2014, the School District had \$34,860,607 invested in capital assets (net of accumulated depreciation), a decrease of \$1,412,897. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

#### ***Debt***

At June 30, 2014, the School District had outstanding general obligation bonds and bond premiums in the amount of \$8,925,039, including a debt refunding that occurred during fiscal year 2013. The School District also had an outstanding lease-purchase agreement for constructing its new facility in the amount of \$259,000 and a lease-purchase agreement for constructing the new athletic complex with an outstanding amount of \$2,142,857. The School District's long-term obligations also include compensated absences. For further information regarding the School District's long-term obligations, refer to Notes 14 and 15 to the basic financial statements.

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

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

**WHEELERSBURG LOCAL SCHOOL DISTRICT**

Statement of Net Position

June 30, 2014

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$3,689,651
Materials and Supplies Inventory	22,792
Accrued Interest Receivable	5,404
Intergovernmental Receivable	137,462
Prepaid Items	19,087
Property Taxes Receivable	4,024,795
Capital Assets:	
Land	931,568
Depreciable Capital Assets, Net	<u>33,929,039</u>
<i>Total Assets</i>	<u>42,759,798</u>
<b><u>Deferred Outflow Of Resources:</u></b>	
Deferred Charge on Refunding	<u>711,728</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	120,029
Accrued Wages and Benefits Payable	1,144,839
Intergovernmental Payable	245,309
Accrued Interest Payable	20,722
Long-Term Liabilities:	
Due Within One Year	655,100
Due In More Than One Year	<u>11,427,300</u>
<i>Total Liabilities</i>	<u>13,613,299</u>
<b><u>Deferred Inflow Of Resources:</u></b>	
Property Taxes	<u>3,436,799</u>
<b><u>Net Position:</u></b>	
Net Investment in Capital Assets	24,382,069
Restricted for:	
Debt Service	745,808
Capital Projects	372,057
Other Purposes:	
Food Services	103,942
Classroom Facilities	269,555
Student Activities	126,164
Other	183,844
Unrestricted	<u>237,989</u>
<i>Total Net Position</i>	<u>\$26,421,428</u>

See accompanying notes to the basic financial statements

**Wheelersburg 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	Capital Grants and Contributions
<b><u>Governmental Activities:</u></b>				
Instruction:				
Regular	\$8,232,784	\$2,064,489	\$229,807	\$0 (\$5,938,488)
Special	1,979,177	99,648	1,333,693	0 (545,836)
Vocational	0	0	8,993	0 8,993
Student Intervention Services	26,975	0	0	0 (26,975)
Support Services:				
Pupils	775,895	27,900	471	0 (747,524)
Instructional Staff	178,437	0	26,928	0 (151,509)
Board of Education	72,770	0	0	0 (72,770)
Administration	1,029,610	0	4,608	0 (1,025,002)
Fiscal	352,373	0	0	0 (352,373)
Operation and Maintenance of Plant	1,249,767	0	7,668	0 (1,242,099)
Pupil Transportation	558,686	0	11,818	0 (546,868)
Central	69,442	0	0	0 (69,442)
Operation of Non-Instructional Services	829,357	239,465	443,058	3,000 (143,834)
Extracurricular Activities	805,198	366,546	98,961	0 (339,691)
Interest and Fiscal Charges	449,324	0	0	0 (449,324)
Intergovernmental	593,397	0	0	0 (593,397)
<i>Total Governmental Activities</i>	<u>\$17,203,192</u>	<u>\$2,798,048</u>	<u>\$2,166,005</u>	<u>\$3,000</u> (12,236,139)
 <b><u>General Revenues:</u></b>				
Property Taxes Levied for:				
General Purposes				2,881,441
Debt Service				541,017
Capital Outlay				277,244
Facility Maintenance				60,997
Grants and Entitlements not Restricted				
to Specific Programs				6,948,342
Contributions and Donations				13,427
Investment Earnings				33,558
Miscellaneous				<u>90,389</u>
<i>Total General Revenues</i>				<u>10,846,415</u>
<i>Change in Net Position</i>				(1,389,724)
<i>Net Position at Beginning of Year</i>				<u>27,811,152</u>
<i>Net Position at End of Year</i>				<u>\$26,421,428</u>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**

Balance Sheet  
Governmental Funds  
June 30, 2014

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$1,962,727	\$702,173	\$1,024,751	\$3,689,651
Receivables:				
Property Taxes	3,109,091	564,526	351,178	4,024,795
Intergovernmental	0	0	137,462	137,462
Accrued Interest	5,404	0	0	5,404
Prepaid Items	12,316	0	6,771	19,087
Materials and Supplies Inventory	22,792	0	0	22,792
<i>Total Assets</i>	<u>\$5,112,330</u>	<u>\$1,266,699</u>	<u>\$1,520,162</u>	<u>\$7,899,191</u>
<b><u>Liabilities:</u></b>				
Accounts Payable	\$54,818	\$0	\$65,211	\$120,029
Accrued Wages and Benefits Payable	1,059,570	0	85,269	1,144,839
Intergovernmental Payable	222,759	0	22,550	245,309
<i>Total Liabilities</i>	<u>1,337,147</u>	<u>0</u>	<u>173,030</u>	<u>1,510,177</u>
<b><u>Deferred Inflows of Resources:</u></b>				
Property Taxes	2,660,335	478,457	298,007	3,436,799
Unavailable Revenue	313,772	58,813	127,625	500,210
<i>Total Deferred Inflows of Resources</i>	<u>2,974,107</u>	<u>537,270</u>	<u>425,632</u>	<u>3,937,009</u>
<b><u>Fund Balances:</u></b>				
Nonspendable	35,108	0	6,771	41,879
Restricted	0	729,429	923,398	1,652,827
Assigned	147,158	0	0	147,158
Unassigned (Deficit)	618,810	0	(8,669)	610,141
<i>Total Fund Balances</i>	<u>801,076</u>	<u>729,429</u>	<u>921,500</u>	<u>2,452,005</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$5,112,330</u></u>	<u><u>\$1,266,699</u></u>	<u><u>\$1,520,162</u></u>	<u><u>\$7,899,191</u></u>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 June 30, 2014

**Total Governmental Fund Balances** \$2,452,005

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

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

Land	931,568
Other capital assets	44,711,046
Accumulated depreciation	<u>(10,782,007)</u>
Total	34,860,607

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 reported as unavailable revenue in the funds.

Delinquent property taxes	403,784
Intergovernmental	91,445
Accrued Interest	<u>4,981</u>
Total	500,210

Deferred outflows of resources include deferred charges on refunding which do not provide current financial resources and, therefore are not reported in the funds. 711,728

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (20,722)

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	(7,929,918)
Bond premium	(995,121)
Capital leases	(2,401,857)
Compensated absences	<u>(755,504)</u>
Total	<u>(12,082,400)</u>

**Net Position of Governmental Activities** \$26,421,428

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
 Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Fiscal Year Ended June 30, 2014

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>				
Property Taxes	\$2,855,675	\$536,066	\$335,322	\$3,727,063
Intergovernmental	7,457,652	72,878	1,473,108	9,003,638
Investment Earnings	26,558	0	6,010	32,568
Tuition and Fees	2,075,145	0	0	2,075,145
Extracurricular Activities	27,900	0	366,546	394,446
Customer Sales and Service	88,992	0	239,465	328,457
Contributions and Donations	7,594	0	107,794	115,388
Miscellaneous	89,676	0	713	90,389
<i>Total Revenues</i>	<i>12,629,192</i>	<i>608,944</i>	<i>2,528,958</i>	<i>15,767,094</i>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	7,199,536	0	223,141	7,422,677
Special	1,158,955	0	624,091	1,783,046
Student Intervention Services	26,975	0	0	26,975
Support Services:				
Pupils	685,673	0	415	686,088
Instructional Staff	153,583	0	28,740	182,323
Board of Education	72,770	0	0	72,770
Administration	926,559	0	4,500	931,059
Fiscal	298,668	14,168	10,007	322,843
Operation and Maintenance of Plant	1,048,955	0	80,924	1,129,879
Pupil Transportation	490,210	0	153,004	643,214
Central	59,657	0	0	59,657
Operation of Non-Instructional Services	101,001	0	660,417	761,418
Extracurricular Activities	211,906	0	445,325	657,231
Capital Outlay	3,500	0	31,290	34,790
Debt Service:				
Principal Retirement	59,000	290,000	191,753	540,753
Interest and Fiscal Charges	11,957	259,351	127,225	398,533
Intergovernmental	0	0	593,397	593,397
<i>Total Expenditures</i>	<i>12,508,905</i>	<i>563,519</i>	<i>3,174,229</i>	<i>16,246,653</i>
Excess of Revenues Over (Under) Expenditures	120,287	45,425	(645,271)	(479,559)
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Sale of Capital Assets	0	0	11,304	11,304
Transfers In	0	0	25,000	25,000
Transfers Out	0	0	(25,000)	(25,000)
<i>Total Other Financing Sources (Uses)</i>	<i>0</i>	<i>0</i>	<i>11,304</i>	<i>11,304</i>
<i>Net Change in Fund Balances</i>	<i>120,287</i>	<i>45,425</i>	<i>(633,967)</i>	<i>(468,255)</i>
<i>Fund Balances at Beginning of Year</i>	<i>680,789</i>	<i>684,004</i>	<i>1,555,467</i>	<i>2,920,260</i>
<i>Fund Balances at End of Year</i>	<i>\$801,076</i>	<i>\$729,429</i>	<i>\$921,500</i>	<i>\$2,452,005</i>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
 Reconciliation of the Statement of Revenues, Expenditures  
 and Changes in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2014

**Net Change in Fund Balances - Total Governmental Funds** (\$468,255)

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

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

Capital asset additions	221,156
Depreciation expense	<u>(1,607,100)</u>
Excess of depreciation expense over capital outlay	(1,385,944)

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets is removed from the capital assets account in the Statement of Net Position and offset against the proceeds from the sale of capital assets resulting in a gain or loss on the sale of capital assets in the Statement of Activities.

Proceeds from sale of capital assets	11,304
Loss on disposal of capital assets	<u>(38,257)</u>
Total	(26,953)

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this fiscal year:

Delinquent property taxes	33,636
Intergovernmental	10,999
Investment earnings	<u>1,739</u>
Total	46,374

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

Bond payments	290,000
Capital lease payments	<u>250,753</u>
Total	540,753

Accretion and amortization of bond premiums, the deferred charges on refunding, as well as 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	1,317
Amortization of bond premium	61,913
Amortization of deferred charges on refunding	<u>(37,459)</u>
Accretion of Capital Appreception Bonds	<u>(76,562)</u>
Total	(50,791)

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

Increase in compensated absences payable	<u>(44,908)</u>
<b>Change in Net Position of Governmental Activities</b>	<u><u>(\$1,389,724)</u></u>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**

Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget and Actual (Budget Basis)

General Fund

For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance Positive (Negative)
	Original	Final	Actual	
<b><u>Revenues:</u></b>				
Property Taxes	\$2,654,000	\$2,883,900	\$2,883,898	(\$2)
Intergovernmental	7,057,343	7,457,230	7,457,652	422
Investment Earnings	21,000	22,000	23,696	1,696
Tuition and Fees	2,087,320	2,076,518	2,075,145	(1,373)
Extracurricular Activities	28,400	32,452	27,900	(4,552)
Contributions and Donations	0	4,600	7,594	2,994
Miscellaneous	8,400	2,100	2,104	4
<i>Total Revenues</i>	<i>11,856,463</i>	<i>12,478,800</i>	<i>12,477,989</i>	<i>(811)</i>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	7,256,619	7,266,637	7,249,615	17,022
Special	958,565	1,109,084	1,114,176	(5,092)
Student Intervention Services	0	39,820	37,646	2,174
Support Services:				
Pupils	651,973	669,924	672,264	(2,340)
Instructional Staff	218,860	200,660	197,243	3,417
Board of Education	72,030	94,669	89,407	5,262
Administration	933,620	938,484	935,045	3,439
Fiscal	307,680	311,156	308,540	2,616
Operation and Maintenance of Plant	1,010,430	1,125,558	1,120,580	4,978
Pupil Transportation	465,535	509,868	511,012	(1,144)
Central	66,590	59,950	64,349	(4,399)
Operation of Non-Instructional Services	92,970	95,770	96,845	(1,075)
Extracurricular Activities	221,360	220,810	218,053	2,757
Capital Outlay	3,500	3,500	3,500	0
Debt Service:				
Principal Retirement	59,000	59,000	59,000	0
Interest and Fiscal Charges	12,500	11,960	11,957	3
<i>Total Expenditures</i>	<i>12,331,232</i>	<i>12,716,850</i>	<i>12,689,232</i>	<i>27,618</i>
Excess of Revenues Under Expenditures	(474,769)	(238,050)	(211,243)	26,807
<b><u>Other Financing Sources (Uses):</u></b>				
Refund of Prior Year Expenditures	169,000	176,600	176,564	(36)
Refund of Prior Year Receipts	(100)	(1,400)	(1,385)	15
Transfers In	426,781	468,781	468,781	0
Transfers Out	(426,781)	(520,984)	(468,781)	52,203
Advances Out	(4,000)	(4,000)	0	4,000
<i>Total Other Financing Sources (Uses)</i>	<i>164,900</i>	<i>118,997</i>	<i>175,179</i>	<i>56,182</i>
<i>Net Change in Fund Balance</i>	<i>(309,869)</i>	<i>(119,053)</i>	<i>(36,064)</i>	<i>82,989</i>
<i>Fund Balance at Beginning of Year</i>	<i>1,593,433</i>	<i>1,593,433</i>	<i>1,593,433</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>197,148</i>	<i>197,148</i>	<i>197,148</i>	<i>0</i>
<i>Fund Balance at End of Year</i>	<i>\$1,480,712</i>	<i>\$1,671,528</i>	<i>\$1,754,517</i>	<i>\$82,989</i>

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2014

	Private Purpose Trust	Agency
<b><u>Assets:</u></b>		
Equity in Pooled Cash and Cash Equivalents	\$354,694	<u>\$50,566</u>
<b><u>Liabilities:</u></b>		
Undistributed Monies	<u>0</u>	<u>\$50,566</u>
<b><u>Net Position:</u></b>		
Held in Trust for Scholarships	<u><u>\$354,694</u></u>	

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Fiscal Year Ended June 30, 2014

	Private Purpose Trust
	<u>Scholarships</u>
<b><u>Additions:</u></b>	
Contributions and Donations	\$9,447
Interest	<u>2,222</u>
<i>Total Additions</i>	11,669
<b><u>Deductions:</u></b>	
Payments in Accordance with Trust Agreements	<u>17,033</u>
<i>Change in Net Position</i>	(5,364)
<i>Net Position at Beginning of Year</i>	360,058
<i>Net Position at End of Year</i>	\$354,694

See accompanying notes to the basic financial statements

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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

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

The School District was established in 1859 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 17 square miles. It is located in Scioto County, and includes most of Porter Township. It is staffed by 48 non-certificated employees, 96 certificated full-time teaching personnel and eight administrative employees who provide services to 1,589 students and other community members. The School District currently operates one instructional building, one administrative building, and one garage.

*Reporting Entity*

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

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

The School District participates in six organizations, three of which are defined asjointly governed organizations, two as insurance purchasing pools, and one as a public entity shared risk pool. These organizations are presented in Note 17 to the basic financial statements. These organizations are:

Jointly Governed Organization:

South Central Ohio Computer Association Regional Council of  
Governments

Metropolitan Educational Council  
Southern Ohio Academy

Insurance Purchasing Pools:

Ohio School Plan  
Ohio SchoolComp Group Retrospective Rating Program

Public Entity Shared Risk Pool:

Optimal Health Initiatives Consortium

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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

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

**Basis of Presentation**

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

*Government-wide Financial Statements*

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

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

*Fund Financial Statements*

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

**Fund Accounting**

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

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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*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 GeneralFund 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 Fund**- The Bond Retirement Debt Service Fund is used to account for and reportproperty 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 therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has three fiduciary funds which includetwo private purpose trust fundsused to account for college scholarship donations and one agency fund which isused to account for student activity programs.

**Measurement Focus**

*Government-wide Financial Statements*

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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

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

**Basis of Accounting**

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

*Revenues - Exchange and Non-exchange Transactions*

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

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

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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*Deferred Outflows/Inflows of Resources:*

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources included property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 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 fund balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, interest, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

*Expenses/Expenditures*

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

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

**Budgetary Process**

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

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

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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

**Cash and Cash Equivalents**

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

During fiscal year 2014, the School District's investments were limited to Federal National Mortgage Association Notes, Federal Home Loan Bank Notes, and Negotiable Certificates of Deposits. Investments are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price.

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 \$26,558, which includes \$14,060 assigned from other School District funds.

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

**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 expensed when used. Inventories consist of materials and supplies held for consumption and purchased food held for resale.

**Capital Assets**

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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All capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Estimated Lives
Land Improvements	10 - 40 years
Buildings and Improvements	15 - 30 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	5 - 12 years
Textbooks	10 years

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Obligations**

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

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
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**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.

**Deferred Charge on Refunding**

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

**Fund Balance**

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

*Nonspendable*

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

*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.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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*Assigned*

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

*Unassigned*

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

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

**Net Position**

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

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

**Internal Activity**

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

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

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

**Wheelersburg Local School District**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2014

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**Estimates**

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

**NOTE 3 – FUND BALANCES**

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

Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total
<b><i>Nonspendable</i></b>				
Prepads	\$12,316	\$0	\$6,771	\$19,087
Inventory	<u>22,792</u>	<u>0</u>	<u>0</u>	<u>22,792</u>
<i>Total Nonspendable</i>	<u>35,108</u>	<u>0</u>	<u>6,771</u>	<u>41,879</u>
<b><i>Restricted for</i></b>				
Bond Retirement	0	729,429	0	729,429
Food Service Operations	0	0	103,942	103,942
Athletics	0	0	126,164	126,164
Miscellaneous State Grants	0	0	89,327	89,327
Race to the Top Grant	0	0	4,757	4,757
Capital Improvements	0	0	341,897	341,897
Classroom Facilities	<u>0</u>	<u>0</u>	<u>257,311</u>	<u>257,311</u>
<i>Total Restricted</i>	<u>0</u>	<u>729,429</u>	<u>923,398</u>	<u>1,652,827</u>
<b><i>Assigned to</i></b>				
Purchases on Order	147,158	0	0	147,158
<b><i>Unassigned (Deficit)</i></b>	<u>618,810</u>	<u>0</u>	<u>(8,669)</u>	<u>610,141</u>
<i>Total Fund Balances</i>	<u>\$801,076</u>	<u>\$729,429</u>	<u>\$921,500</u>	<u>\$2,452,005</u>

**NOTE 4 – ACCOUNTABILITY**

At June 30, 2014, the Public School Preschool, Title VI-B, Title VI-R, and Miscellaneous Federal Grants Special Revenue Funds had deficit fund balances of \$6,141, \$2,200, \$296, and \$32 respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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**NOTE 5– BUDGETARY BASIS OF ACCOUNTING**

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
4. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

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

Net Change in Fund Balance	
GAAP Basis	\$120,287
Adjustments:	
Revenue Accruals	28,223
Expenditure Accruals	27,552
Unrecorded Cash - Fiscal Year 2013	114
Encumbrances	(209,264)
Net Decrease in Fair Value of Investments - Fiscal Year 2013	(4,030)
Net Decrease in Fair Value of Investments - Fiscal Year 2014	1,054
Budget Basis	<u><u>(\$36,064)</u></u>

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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**NOTE 6—DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**Wheelersburg Local School District**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2014

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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, \$664,086 of the School District's bank balance of \$947,774 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

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

**Investments:** As of June 30, 2014, the School District had the following investments. All investments are in an internal investment pool.

	Fair Value	Investment Maturities (in Years)		Call Date	S&P Rating	Percent of Total Investments
		Less than 1	1 - 4			
Federal National Mortgage Association Notes	\$379,654	\$379,654	\$0	9/19/2014	AA+	11.76%
Federal Home Loan Bank Notes	1,243,610	1,243,610	0	6/30/2015	AA+	38.51%
Negotiable Certificates of Deposits	1,605,682	1,001,324	604,358	----	----	49.73%
<b>Totals</b>	<b>\$3,228,946</b>	<b>\$2,624,588</b>	<b>\$604,358</b>			

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

**Credit Risk:** The S&P rating of the School District's investments are listed in the table above. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute but does not specifically address credit risk.

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

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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**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 statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 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 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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 and public utility property taxes which were 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 reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows – property taxes.

The amount available as an advance at June 30, 2014, was \$184,212 and is recognized as revenue: \$139,965 in the General Fund, \$27,256 in the Bond Retirement Debt Service Fund, and \$16,991 in the Other Governmental Funds. The amount available as an advance at June 30, 2013, was \$221,240 and was recognized as revenue: \$168,188 in the General Fund, \$32,797 in the Bond Retirement Debt Service Fund, and \$20,255 in the Other Governmental Funds.

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

**Wheelersburg Local School District**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2014

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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	\$137,133,440	91.75%	\$141,917,080	90.93%
Public Utility Personal	12,337,030	8.25%	14,163,710	9.07%
<i>Total Assessed Value</i>	<b>\$149,470,470</b>	<b>100.00%</b>	<b>\$156,080,790</b>	<b>100.00%</b>

Tax rate per \$1,000 of assessed valuation	\$32.28	\$32.28
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**NOTE 8– RECEIVABLES**

Receivables at June 30, 2014, consisted of property taxes, intergovernmental grants, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<b><u>Governmental Activities:</u></b>	
Title I	\$84,115
Special Education, Part B-IDEA	22,851
Title VI-B, Rural Education Initiative	24,363
NSL/NSB Expansion Grant	4,129
Race to the Top	2,004
<i>Total Intergovernmental Receivables</i>	<b>\$137,462</b>

**Wheelersburg Local School District**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2014

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**NOTE 9—CAPITAL ASSETS**

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

	Balance At 6/30/2013	Additions	Deletions	Balance At 6/30/2014
<b><u>Governmental Activities:</u></b>				
Capital Assets Not Being Depreciated:				
Land	<u>\$931,568</u>	\$0	\$0	<u>\$931,568</u>
Depreciable Capital Assets:				
Land Improvements	1,454,882	3,500	0	1,458,382
Buildings and Improvements	39,084,088	14,166	0	39,098,254
Furniture, Fixtures and Equipment	2,540,797	50,486	(37,314)	2,553,969
Vehicles	1,043,952	153,004	(51,868)	1,145,088
Textbooks	455,353	0	0	455,353
<i>Total Depreciable Capital Assets</i>	<u>44,579,072</u>	<u>221,156</u>	<u>(89,182)</u>	<u>44,711,046</u>
Less Accumulated Depreciation:				
Land Improvements	(430,315)	(69,125)	0	(499,440)
Buldings and Improvements	(6,455,603)	(1,288,946)	0	(7,744,549)
Furniture, Fixtures and Equipment	(1,202,233)	(186,333)	15,548	(1,373,018)
Vehicles	(739,168)	(62,696)	46,681	(755,183)
Textbooks	(409,817)	0	0	(409,817)
<i>Total Accumulated Depreciation</i>	<u>(9,237,136)</u>	<u>(1,607,100)</u> *	<u>62,229</u>	<u>(10,782,007)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>35,341,936</u>	<u>(1,385,944)</u>	<u>(26,953)</u>	<u>33,929,039</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$36,273,504</u>	<u>(\$1,385,944)</u>	<u>(\$26,953)</u>	<u>\$34,860,607</u>

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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

Instruction:	
Regular	\$803,420
Special	168,041
Support Services:	
Pupils	75,453
Instructional Staff	18,585
Administration	83,899
Fiscal	28,832
Operation and Maintenance of Plant	142,470
Pupil Transportation	63,520
Central	9,232
Operation of Non-Instructional Services	65,681
Extracurricular Activities	147,967
<i>Total Depreciation Expense</i>	<u><u>\$1,607,100</u></u>

## **NOTE 10– RISK MANAGEMENT**

### **Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District has joined with other school districts in Ohio to participate in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to Hylant Administrative Services, LLC (See Note 17). During fiscal year 2014, the School District contracted with the Ohio School Plan for liability, fleet, and property insurance coverage.

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

### **Employee Medical and Dental Benefits**

The School District participates in the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool (Note 17), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District’s behalf.

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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**Workers' Compensation**

For fiscal year 2014, the School District participated in the Ohio SchoolComp Group Retrospective Rating Program (GRRP), an insurance purchasing pool (See Note 17). The intent of the GRRP is to reward participants that are able to keep their claims costs below a predetermined amount. As part of the GRRP, school districts join together as a group. Each school district continues to pay its own individual premium to the State. However, each school district has the opportunity to receive retrospective premium adjustments (refunds or assessments) at 12, 24, and 36 months after the end of the policy year. At the end of each policy year, the Bureau of Workers' Compensation (BWC) will take a snap-shot of the incurred claims losses (indemnity, medical, and reserves) for the entire group and calculate the group's retrospective premium. If the retrospective premium that is calculated is less than the group's total standard premium, the participants will receive a refund. However, if the retrospective premium is greater than the group's total standard premium, an assessment will be levied by BWC. Each group limits the maximum assessment by selecting a premium cap between five percent and 100 percent of merit rated premium. Participation in the GRRP is limited to school districts that can meet the GRRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 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 \$200,558, \$192,846, and \$110,640, respectively. The full amount has been contributed for fiscal years 2014, 2013, and 2012.

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

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

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

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

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

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will increase 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.

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$744,011, \$753,981, and \$750,091, respectively. For fiscal year 2014, 83.13 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 made to STRS Ohio for the DC Plan and for fiscal year 2014 were \$583 made by the School District and \$458 made by the plan members. In addition, \$42 were made by the School District and \$33 were made by the plan members for the Combined Plan.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**School Employees Retirement System**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 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 \$26,490 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 \$28,633, \$33,114, and \$26,327, 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 \$11,329, \$11,041, and \$6,534, respectively. The full amount has been contributed for fiscal years 2014, 2013, and 2012.

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

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 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 \$57,232, \$57,999, and \$57,699, respectively. For fiscal year 2014, 83.13 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.

**NOTE 13– EMPLOYEE BENEFITS**

**Compensated Absences**

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

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

**Special Termination Benefit Payable**

For fiscal years 2006 to 2014, employees eligible to retire were offered a special termination benefit. A bargaining unit employee who becomes eligible under the Ohio Revised Code Section 3307.38 and elects to take service retirement through STRS and provides the School District with notice by the regular February Board of Education meeting is entitled to receive a one-time lump-sum payment, less payroll withholdings. For the fiscal year ended June 30, 2014, one employee who retired was eligible for the bonus and was paid the bonus by fiscal year end.

**Insurance**

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

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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**Deferred Compensation**

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

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

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

At fiscal year-end, capital assets under this lease have been capitalized as buildings and improvements in the Statement of Net Position for governmental activities. At fiscal year-end, the total amount of the proceeds from the capital lease had been spent toward the construction project. A liability was recorded on the Statement of Net Position for governmental activities in the amount of \$582,000, which is equal to the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2014 totaled \$59,000 and were paid from the General Fund. The lease proceeds were used as part of the overall project; therefore, specific leased assets cannot be identified.

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

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

**Wheelersburg Local School District**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2014

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During fiscal year 2013, the School District received the remaining amount of the lease proceeds. A liability was recorded on the Statement of Net Position for governmental activities in the amount of \$2,500,000 which is equal to the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2014 totaled \$178,571 and were paid from the Capital Improvement Fund. The lease proceeds were used as part of the overall project; therefore, specific leased assets cannot be identified.

During a prior fiscal year, the School District entered into a capitalized lease for copiers. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. The copiers acquired by lease were capitalized in the amount of \$43,963, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the Statement of Net Position for governmental activities. Principal payments in fiscal year 2014 totaled \$13,182 and were paid from the Capital Improvement Fund.

The copiers acquired through the capital lease as of June 30, 2014, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
<b>Asset:</b>			
Copiers	<u>\$43,963</u>	<u>(\$19,234)</u>	<u>\$24,729</u>

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

Fiscal Year Ending June 30,	New Facilities	Athletic Complex
2015	\$70,028	\$293,298
2016	69,597	283,571
2017	70,069	273,571
2018	70,388	263,571
2019	0	253,571
2020-2024	0	1,117,855
2025-2026	0	377,421
<b>Total</b>	<b>280,082</b>	<b>2,862,858</b>
<b>Less: Amount Representing Interest</b>	<b>(21,082)</b>	<b>(720,001)</b>
<i>Present Value of Net Minimum Lease Payments</i>	<b>\$259,000</b>	<b>\$2,142,857</b>

**Wheelersburg Local School District**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2014

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**NOTE 15– LONG-TERM OBLIGATIONS**

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

	Amount Outstanding 6/30/13	Additions	Deductions	Amount Outstanding 6/30/14	Amount Due Within One Year
<b><u>Governmental Activities:</u></b>					
General Obligation Bonds:					
2005 Classroom Facilities:					
Serial Bonds 3.00 to 5.00%	\$1,100,000	\$0	\$260,000	\$840,000	\$270,000
Premium on Debt Issue	32,568	0	10,856	21,712	0
2013 Refunding Bonds:					
Term Bonds 3.00 to 3.375%	4,710,000	0	0	4,710,000	0
Serial Bonds 2.00 to 4.00%	2,205,000	0	30,000	2,175,000	45,000
Premium on Debt Issue	1,024,466	0	51,057	973,409	0
CAB Bonds 3.19 to 3.44%	90,000	0	0	90,000	0
Accretion on CABs	38,356	76,562	0	114,918	0
Total General Obligation Bonds	<u>9,200,390</u>	<u>76,562</u>	<u>351,913</u>	<u>8,925,039</u>	<u>315,000</u>
Capital Leases - New Facilities	318,000	0	59,000	259,000	61,000
Capital Lease - Athletic Complex	2,321,428	0	178,571	2,142,857	178,298
Capital Lease - Copiers	13,182	0	13,182	0	0
Compensated Absences	<u>710,596</u>	<u>113,917</u>	<u>69,009</u>	<u>755,504</u>	<u>100,802</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Obligations</i>	<u><u>\$12,563,596</u></u>	<u><u>\$190,479</u></u>	<u><u>\$671,675</u></u>	<u><u>\$12,082,400</u></u>	<u><u>\$655,100</u></u>

*2005 Classroom Facilities General Obligation Bonds* – On March 15, 2005, the School District issued \$9,968,000 in voted general obligation bonds for the purpose of retiring the Classroom Facilities Bond Anticipation Notes issued December 28, 2004, for the purpose of constructing new educational facilities. The bonds were issued in an aggregate principal amount of \$9,968,000. The bonds were issued for a 27 year period with final maturity in December 2032. On July 25, 2012, the School District refunded the \$2,805,000 of the term bonds and refunded a portion, \$4,270,000, of the serial bonds. The serial bonds that were not refunded will be retired from the Bond Retirement Fund. At June 30, 2014, \$7,075,000 of the refunded bonds were outstanding. Assets are being held in escrow to retire these bonds at maturity.

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

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

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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The difference between the amount of the refunding bond issue and the total of the outstanding principal of the debt issue refunded was used to pay for issuance costs, interest due at the time of refunding, and the amount paid to the escrow agent above the principal outstanding. The refunding resulted in a difference of \$786,646 between the net carrying amount of the old bonded debt and the acquisition price. This difference, reported in the accompanying financial statements as a deferred outflow, is being amortized to interest expense over the life of the bonds using the straight-line method. The unamortized amount of the deferred outflow at June 30, 2014, was \$711,728. Total debt service payments decreased by \$398,176 as a result of the refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$426,652.

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

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

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

The capital appreciation bonds of the 2013 Classroom Facilities General Obligation Refunding Bonds, issued at \$90,000, are not subject to redemption prior to maturity. The capital appreciation bonds will mature in fiscal years 2023, 2024, and 2025 in the amounts of \$475,000, \$495,000, and \$490,000, respectively. Accretion on the capital appreciation bonds for fiscal year 2014 was \$76,562.

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

The School District's overall legal debt margin was \$6,961,700 with an unvoted debt margin of \$156,081 at June 30, 2014.

**Wheelersburg Local School District**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2014

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

2005 Classroom Facilities General Obligation Bonds and  
 2013 Classroom Facilities Refunding General Obligations Bonds

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Fiscal Year Ending June 30,	Serial/Term Bonds Principal	Serial/Term Bonds Interest	Capital Appreciation Bond Principal	Capital Appreciation Bond Interest	Total
2015	\$315,000	\$248,662	\$0	\$0	\$563,662
2016	325,000	237,032	0	0	562,032
2017	340,000	224,682	0	0	564,682
2018	370,000	212,832	0	0	582,832
2019	385,000	201,507	0	0	586,507
2020-2024	1,280,000	1,724,448	65,000	905,000	3,974,448
2025-2029	2,145,000	1,082,278	25,000	465,000	3,717,278
2030-2033	2,565,000	173,642	0	0	2,738,642
<i>Totals</i>	<i>\$7,725,000</i>	<i>\$4,105,083</i>	<i>\$90,000</i>	<i>\$1,370,000</i>	<i>\$13,290,083</i>

**NOTE 16 – INTERFUND ACTIVITY**

As of June 30, 2014, the School District had a transfer from the Student Managed Activities Fund and into the Other Grants Fund in the amount of \$25,000. This transfer was due to future athletic facility maintenance.

**NOTE 17– JOINTLY GOVERNED ORGANIZATIONS, INSURANCE PURCHASING POOLS  
AND PUBLIC ENTITY SHARED RISK 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. 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 \$25,552 for services provided during the fiscal year. Financial information can be obtained from the SCOCARRegional Council of Governments, Sandra Benson, Fiscal Officer, at P.O. Box 596, 175 Beaver Creek Rd., Piketon, Ohio, 45661

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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*Metropolitan Educational Council*

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

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

*Southern Ohio Academy*

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

**Insurance Purchasing Pools**

*Ohio School Plan*

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Shuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Shuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

**Wheelersburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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*Ohio SchoolComp Group Retrospective Rating Program*

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

**Public Entity Shared Risk Pool**

*Optimal Health Initiatives Consortium*

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

**NOTE 18– SET-ASIDE CALCULATIONS**

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

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

	Capital Acquisitions
Set-aside Balance as of June 30, 2013	\$0
Current Fiscal Year Set-aside Requirement	259,218
Current Fiscal Year Offsets	(338,587)
Qualifying Disbursements	(122,421)
<i>Totals</i>	<u><u>(\$201,790)</u></u>
<i>Set-aside Balance as of June 30, 2014</i>	<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.

***Wheelersburg Local School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2014

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**NOTE 19—SIGNIFICANT COMMITMENTS**

**Encumbrances**

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

General Fund	\$209,264
Nonmajor Governmental Funds	129,714
Total	<hr/> <hr/> \$338,978

**NOTE 20—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 not party to any legal proceedings.

**NOTE 21—SUBSEQUENT EVENT**

On August 1, 2014, the School District entered into a new copier lease for the length of 48 months.

**WHEELERSBURG LOCAL SCHOOL DISTRICT**

Schedule of Federal Awards Expenditures  
For the Fiscal Year Ended June 30, 2014

Federal Grantor / Pass Through Grantor / Program Title	Grant Year	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
<b><u>U.S. Department of Agriculture</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
School Breakfast Program	2013/2014	10.553	\$86,324	\$0	\$86,324	\$0
National School Lunch Program	2013/2014	10.555	211,853	32,177	211,853	32,177
			298,177	32,177	298,177	32,177
State Administrative Expense for Child Nutrition	2014	10.560	765	0	765	0
<b>Total U.S. Department of Agriculture</b>			298,942	32,177	298,942	32,177
<b><u>U.S. Department of Education</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Cluster:						
Title I Grants to Local Educational Agencies	2013	84.010	29,336	0	62,308	0
Title I Grants to Local Educational Agencies	2014	84.010	338,537	0	306,485	0
Total Title I Cluster			367,873	0	368,793	0
Special Education Cluster:						
Special Education - Grants to States (IDEA Part B)	2013	84.027	11,513	0	27,898	0
Special Education - Grants to States (IDEA Part B)	2014	84.027	269,671	0	255,631	0
Total Special Education Cluster			281,184	0	283,529	0
Improving Teacher Quality	2013	84.367	0	0	8,057	0
Improving Teacher Quality	2014	84.367	78,270	0	78,270	0
Total Improving Teacher Quality			78,270		86,327	
Rural Education	2014	84.358	14,588	0	10,988	0
Race to the Top - ARRA	2014	84.395	83,733	0	87,059	0
<b>Total U.S. Department of Education</b>			825,648	0	836,696	0
<b>Total Federal Financial Assistance</b>			<u>\$1,124,590</u>	<u>\$32,177</u>	<u>\$1,135,638</u>	<u>\$32,177</u>

**Note 1 - Noncash Federal Financial Assistance**

During the year ended June 30, 2014, the District received commodities inventory. Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received. Donated commodities are used first, and the ending inventory consists of purchased commodities. At June 30, 2014, the District had no significant food commodities inventory.

**Note 2 - Significant Accounting Policies**

The District prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**Note 3 - Nutrition Cluster**

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

**Independent Auditor's Report on Internal Control over Financial  
Reporting and on Compliance and Other Matters Required by  
Government Auditing Standards**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wheelersburg Local School District (the District), Scioto County, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 3, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of supporting our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Education  
Wheelersburg Local School District  
Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards*

**Compliance and Other Matters**

As part of obtaining reasonable assurance whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

March 3, 2015

**Independent Auditor's Report on Compliance with Requirements Applicable for Each Major Program  
and on Internal Control over Compliance Required by OMB Circular A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited the Wheelersburg Local School District (the District), Scioto County, compliance with the types of applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2014. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the applicable compliance requirements referred to above that could have a direct and material affect on the major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material aspects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditor's results section of the accompanying schedule of findings for the year ended June 30, 2014.

Wheelersburg Local School District  
Independent Auditor's Report on Compliance with Requirements Applicable  
For Each Major Program and Report on Internal Control over Compliance

### **Report on Internal Control over Compliance**

Management of Wheelersburg Local School District is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the applicable requirements that could have a direct and material effect on the major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with an applicable compliance requirement of a federal program on a timely basis. 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's compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with an applicable compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*J. L. Uhrig and Associates, Inc.*

J. L. UHRIG AND ASSOCIATES, INC.  
Chillicothe, Ohio

March 3, 2015

**WHEELERSBURG LOCAL SCHOOL DISTRICT**

## Schedule of Findings

For the Fiscal Year Ended June 30, 2014

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

<b>1.</b>	<i>Type of Financial Statement Opinion</i>	Unmodified
<b>2.</b>	<i>Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<b>3.</b>	<i>Were there any other significant internal control deficiency reported at the financial statement level (GAGAS)?</i>	No
<b>4.</b>	<i>Was there any material noncompliance reported at the financial statement level (GAGAS)?</i>	No
<b>5.</b>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<b>6.</b>	<i>Were there any other significant internal control deficiency reported for major federal programs?</i>	No
<b>7.</b>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<b>8.</b>	<i>Are there any reportable findings under § .510?</i>	No
<b>9.</b>	<i>Major Programs (list):</i>	CFDA #10.553/10.555 Nutrition Cluster
<b>10.</b>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: All Other Programs
<b>11.</b>	<i>Low Risk Auditee?</i>	Yes

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

**C. FINDINGS FOR FEDERAL AWARDS**

There were no findings related to Federal Awards to be reported.

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# Dave Yost • Auditor of State

## WHEELERSBURG LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

### CLERK'S CERTIFICATION

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

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED  
MAY 28, 2015