



**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TABLE OF CONTENTS

| TITLE | PAGE |
|---|-------------|
| Report of Independent Accountants | 1 |
| General-Purpose Financial Statements: | |
| Combined Balance Sheet - All Fund Types and Account Groups | 4 |
| Combined Statements of Revenues, Expenditures, and Changes In Fund Balances - All Governmental Fund Types | 9 |
| Combined Statement of Revenues, Expenditures, and Changes In Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types | 10 |
| Combined Statement of Revenues, Expenses, and Changes In Retained Earnings - Proprietary Fund Type | 12 |
| Combined Statement of Revenues, Expenses, and Changes In Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type | 13 |
| Combined Statement of Cash Flows - Proprietary Fund Type | 14 |
| Notes to the General-Purpose Financial Statements | 15 |
| Report of Independent Accountants on Compliance and on Internal Control Required By <i>Government Auditing Standards</i> | 47 |

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REPORT OF INDEPENDENT ACCOUNTANTS

Williamsburg Local School District
Clermont County
549A West Main Street
Williamsburg, Ohio 45176

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Williamsburg Local School District, Clermont County, Ohio, (the District) as of and for the fiscal year ended June 30, 1999 as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Williamsburg Local School District, Clermont County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2000 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 grants.

JIM PETRO
Auditor of State

March 21, 2000

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**Williamsburg Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999**

| | Governmental Fund Types | | | |
|---|-------------------------|--------------------|------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| <u>Assets and Other Debits:</u> | | | | |
| <u>Assets:</u> | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$264,346 | \$84,151 | \$160,375 | \$170,604 |
| Cash and Cash Equivalents with Fiscal and Escrow Agents | 0 | 0 | 0 | 36,715 |
| Receivables: | | | | |
| Property Taxes | 2,699,612 | 0 | 395,364 | 0 |
| Accounts | 3,756 | 0 | 0 | 0 |
| Intergovernmental | 2,379 | 0 | 0 | 0 |
| Interfund Receivable | 900 | 0 | 0 | 0 |
| Leases Receivable | 80,000 | 0 | 0 | 0 |
| Prepaid Items | 6,210 | 0 | 0 | 2,450 |
| Inventory Held for Resale | 0 | 0 | 0 | 0 |
| Materials and Supplies Inventory | 0 | 0 | 0 | 0 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 76,094 | 0 | 0 | 0 |
| Fixed Assets (Net, if applicable, of Accumulated Depreciation) | 0 | 0 | 0 | 0 |
| Other Debits: | | | | |
| Amount Available in Debt Service for Retirement of General Obligations | 0 | 0 | 0 | 0 |
| Amount to be Provided from General Government Resources | 0 | 0 | 0 | 0 |
| Total Assets and Other Debits | <u>\$3,133,297</u> | <u>\$84,151</u> | <u>\$555,739</u> | <u>\$209,769</u> |

| Proprietary Fund Type | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) |
|--------------------------|------------------------|----------------------------|-------------------------------------|--------------------------------|
| | | General Fixed Assets | General Long-Term Obligations | |
| Enterprise | Agency | | | |
| \$13,697 | \$33,150 | \$0 | \$0 | \$726,323 |
| 0 | 0 | 0 | 0 | 36,715 |
| 0 | 0 | 0 | 0 | 3,094,976 |
| 0 | 0 | 0 | 0 | 3,756 |
| 6,723 | 0 | 0 | 0 | 9,102 |
| 0 | 0 | 0 | 0 | 900 |
| 0 | 0 | 0 | 0 | 80,000 |
| 0 | 0 | 0 | 0 | 8,660 |
| 6,248 | 0 | 0 | 0 | 6,248 |
| 1,075 | 0 | 0 | 0 | 1,075 |
| 0 | 0 | 0 | 0 | 76,094 |
| 149,539 | 0 | 15,247,784 | 0 | 15,397,323 |
| 0 | 0 | 0 | 202,783 | 202,783 |
| 0 | 0 | 0 | 4,712,323 | 4,712,323 |
| <u>\$177,282</u> | <u>\$33,150</u> | <u>\$15,247,784</u> | <u>\$4,915,106</u> | <u>\$24,356,278</u> |

(continued)

*Williamsburg Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 1999*

| | Governmental Fund Types | | | |
|---|-------------------------|--------------------|------------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| <u>Liabilities, Fund Equity and Other Credits:</u> | | | | |
| <u>Liabilities:</u> | | | | |
| Accounts Payable | \$69,862 | \$833 | \$0 | \$3,950 |
| Contracts Payable | 0 | 0 | 0 | 12,948 |
| Accrued Wages and Benefits | 486,754 | 31,836 | 0 | 0 |
| Compensated Absences Payable | 71,435 | 86 | 0 | 0 |
| Retainage Payable | 0 | 0 | 0 | 36,715 |
| Interfund Payable | 0 | 0 | 0 | 0 |
| Intergovernmental Payable | 166,439 | 5,172 | 0 | 0 |
| Deferred Revenue | 2,428,620 | 0 | 352,956 | 0 |
| Undistributed Monies | 0 | 0 | 0 | 0 |
| Capital Leases Payable | 0 | 0 | 0 | 0 |
| Energy Conservation Loan Payable | 0 | 0 | 0 | 0 |
| General Obligation Bonds Payable | 0 | 0 | 0 | 0 |
| Total Liabilities | 3,223,110 | 37,927 | 352,956 | 53,613 |
| <u>Fund Equity and Other Credits:</u> | | | | |
| Investment in General Fixed Assets | 0 | 0 | 0 | 0 |
| Retained Earnings: | | | | |
| Unreserved | 0 | 0 | 0 | 0 |
| Fund Balance: | | | | |
| Reserved for Encumbrances | 70,317 | 30,490 | 0 | 54,090 |
| Reserved for Facilities Maintenance | 0 | 12,056 | 0 | 0 |
| Reserved for Property Taxes | 310,992 | 0 | 42,408 | 0 |
| Reserved for Budget Stabilization | 32,393 | 0 | 0 | 0 |
| Reserved for Bus Purchase Allowance | 43,701 | 0 | 0 | 0 |
| Unreserved: | | | | |
| Designated for Budget Stabilization | 50,310 | 0 | 0 | 0 |
| Designated for Capital Acquisition | 24,000 | 0 | 0 | 0 |
| Undesignated (Deficit) | (621,526) | 3,678 | 160,375 | 102,066 |
| Total Fund Equity (Deficit) and Other Credits | (89,813) | 46,224 | 202,783 | 156,156 |
| Total Liabilities, Fund Equity and Other Credits | \$3,133,297 | \$84,151 | \$555,739 | \$209,769 |

See accompanying notes to the general purpose financial statements

| Proprietary Fund Type | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) |
|--------------------------|------------------------|----------------------------|-------------------------------------|--------------------------------|
| | | General Fixed Assets | General Long-Term Obligations | |
| Enterprise | Agency | | | |
| \$0 | \$866 | \$0 | \$0 | \$75,511 |
| 0 | 0 | 0 | 0 | 12,948 |
| 18,042 | 0 | 0 | 0 | 536,632 |
| 13,915 | 0 | 0 | 514,025 | 599,461 |
| 0 | 0 | 0 | 0 | 36,715 |
| 0 | 900 | 0 | 0 | 900 |
| 16,286 | 0 | 0 | 40,046 | 227,943 |
| 4,806 | 0 | 0 | 0 | 2,786,382 |
| 0 | 31,384 | 0 | 0 | 31,384 |
| 0 | 0 | 0 | 291,035 | 291,035 |
| 0 | 0 | 0 | 65,000 | 65,000 |
| 0 | 0 | 0 | 4,005,000 | 4,005,000 |
| <u>53,049</u> | <u>33,150</u> | <u>0</u> | <u>4,915,106</u> | <u>8,668,911</u> |
| 0 | 0 | 15,247,784 | 0 | 15,247,784 |
| 124,233 | 0 | 0 | 0 | 124,233 |
| 0 | 0 | 0 | 0 | 154,897 |
| 0 | 0 | 0 | 0 | 12,056 |
| 0 | 0 | 0 | 0 | 353,400 |
| 0 | 0 | 0 | 0 | 32,393 |
| 0 | 0 | 0 | 0 | 43,701 |
| 0 | 0 | 0 | 0 | 50,310 |
| 0 | 0 | 0 | 0 | 24,000 |
| 0 | 0 | 0 | 0 | (355,407) |
| <u>124,233</u> | <u>0</u> | <u>15,247,784</u> | <u>0</u> | <u>15,687,367</u> |
| <u>\$177,282</u> | <u>\$33,150</u> | <u>\$15,247,784</u> | <u>\$4,915,106</u> | <u>\$24,356,278</u> |

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 1999**

| | Governmental Fund Types | | | | Totals (Memorandum Only) |
|---|-------------------------|--------------------|----------------|---------------------|--------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | |
| <u>Revenues:</u> | | | | | |
| Property and Other Local Taxes | \$3,022,560 | \$42,849 | \$375,811 | \$0 | \$3,441,220 |
| Intergovernmental | 3,005,607 | 311,163 | 30,623 | 1,176,275 | 4,523,668 |
| Interest | 56,603 | 0 | 0 | 3,269 | 59,872 |
| Tuition and Fees | 44,471 | 0 | 0 | 0 | 44,471 |
| Rent | 128,905 | 0 | 0 | 0 | 128,905 |
| Extracurricular Activities | 12,347 | 40,166 | 0 | 0 | 52,513 |
| Gifts and Donations | 1,509 | 5,163 | 0 | 0 | 6,672 |
| Miscellaneous | 140,270 | 0 | 0 | 0 | 140,270 |
| Total Revenues | 6,412,272 | 399,341 | 406,434 | 1,179,544 | 8,397,591 |
| <u>Expenditures:</u> | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 2,873,901 | 50,962 | 0 | 121,283 | 3,046,146 |
| Special | 383,841 | 192,359 | 0 | 0 | 576,200 |
| Vocational | 72,145 | 0 | 0 | 0 | 72,145 |
| Support Services: | | | | | |
| Pupils | 172,733 | 0 | 0 | 0 | 172,733 |
| Instructional Staff | 183,017 | 34,076 | 0 | 1,225 | 218,318 |
| Board of Education | 15,898 | 0 | 0 | 0 | 15,898 |
| Administration | 676,234 | 9,853 | 0 | 0 | 686,087 |
| Fiscal | 268,165 | 2,771 | 5,848 | 14 | 276,798 |
| Operation and Maintenance of Plant | 729,141 | 32,952 | 0 | 0 | 762,093 |
| Pupil Transportation | 369,626 | 0 | 0 | 0 | 369,626 |
| Central | 17,124 | 0 | 0 | 0 | 17,124 |
| Non-Instructional Services | 15,111 | 0 | 0 | 0 | 15,111 |
| Extracurricular Activities | 138,947 | 53,991 | 0 | 0 | 192,938 |
| Capital Outlay | 41,746 | 0 | 0 | 677,945 | 719,691 |
| Debt Service: | | | | | |
| Principal Retirement | 73,809 | 0 | 125,000 | 0 | 198,809 |
| Interest and Fiscal Charges | 18,407 | 0 | 229,059 | 0 | 247,466 |
| Total Expenditures | 6,049,845 | 376,964 | 359,907 | 800,467 | 7,587,183 |
| Excess of Revenues Over Expenditures | 362,427 | 22,377 | 46,527 | 379,077 | 810,408 |
| <u>Other Financing Sources (Uses):</u> | | | | | |
| Proceeds from Sale of Fixed Assets | 80 | 0 | 0 | 0 | 80 |
| Operating Transfers In | 56 | 0 | 19,169 | 50,000 | 69,225 |
| Operating Transfers Out | (69,169) | (56) | 0 | 0 | (69,225) |
| Total Other Financing Sources (Uses) | (69,033) | (56) | 19,169 | 50,000 | 80 |
| Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses | 293,394 | 22,321 | 65,696 | 429,077 | 810,488 |
| Fund Balances (Deficit) at Beginning of Year | (383,207) | 23,903 | 137,087 | (272,921) | (495,138) |
| Fund Balances (Deficit) at End of Year | (\$89,813) | \$46,224 | \$202,783 | \$156,156 | \$315,350 |

See accompanying notes to the general purpose financial statements

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**Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 1999**

| | General Fund | | | Special Revenue Funds | | |
|---|-------------------|------------------|--|-----------------------|-----------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| <u>Revenues:</u> | | | | | | |
| Property and Other Local Taxes | \$2,780,384 | \$2,780,384 | \$0 | \$42,849 | \$42,849 | \$0 |
| Intergovernmental | 2,885,383 | 3,003,228 | 117,845 | 311,095 | 311,163 | 68 |
| Interest | 52,914 | 56,603 | 3,689 | 0 | 0 | 0 |
| Tuition and Fees | 43,465 | 43,721 | 256 | 0 | 0 | 0 |
| Rent | 127,805 | 128,305 | 500 | 0 | 0 | 0 |
| Extracurricular Activities | 12,347 | 12,347 | 0 | 40,166 | 40,166 | 0 |
| Gifts and Donations | 1,509 | 1,509 | 0 | 5,163 | 5,163 | 0 |
| Miscellaneous | 100,273 | 100,273 | 0 | 0 | 0 | 0 |
| Total Revenues | 6,004,080 | 6,126,370 | 122,290 | 399,273 | 399,341 | 68 |
| <u>Expenditures:</u> | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 2,939,433 | 2,938,691 | 742 | 53,671 | 53,671 | 0 |
| Special | 395,918 | 395,878 | 40 | 187,531 | 187,531 | 0 |
| Vocational | 72,033 | 72,016 | 17 | 0 | 0 | 0 |
| Support Services: | | | | | | |
| Pupils | 170,972 | 170,955 | 17 | 0 | 0 | 0 |
| Instructional Staff | 182,056 | 182,033 | 23 | 34,371 | 34,371 | 0 |
| Board of Education | 18,490 | 18,333 | 157 | 0 | 0 | 0 |
| Administration | 660,201 | 660,167 | 34 | 9,853 | 9,853 | 0 |
| Fiscal | 268,528 | 268,663 | (135) | 2,916 | 2,916 | 0 |
| Operation and Maintenance of Plant | 739,018 | 738,886 | 132 | 46,832 | 46,832 | 0 |
| Pupil Transportation | 426,520 | 426,368 | 152 | 0 | 0 | 0 |
| Central | 22,414 | 22,413 | 1 | 0 | 0 | 0 |
| Non-Instructional Services | 12,517 | 12,517 | 0 | 0 | 0 | 0 |
| Extracurricular Activities | 145,175 | 145,175 | 0 | 77,061 | 77,061 | 0 |
| Capital Outlay | 41,746 | 41,746 | 0 | 0 | 0 | 0 |
| Debt Service: | | | | | | |
| Principal Retirement | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 6,095,021 | 6,093,841 | 1,180 | 412,235 | 412,235 | 0 |
| Excess of Revenues Over (Under) Expenditures | (90,941) | 32,529 | 123,470 | (12,962) | (12,894) | 68 |
| <u>Other Financing Sources (Uses):</u> | | | | | | |
| Proceeds from Sale of Fixed Assets | 80 | 80 | 0 | 0 | 0 | 0 |
| Refund of Prior Year Expenditures | 16 | 16 | 0 | 0 | 0 | 0 |
| Advances In | 21,100 | 21,100 | 0 | 0 | 0 | 0 |
| Advances Out | 0 | 0 | 0 | (6,100) | (6,100) | 0 |
| Operating Transfers In | 56 | 56 | 0 | 0 | 0 | 0 |
| Operating Transfers Out | (69,169) | (69,169) | 0 | (56) | (56) | 0 |
| Other Financing Sources | 1,171 | 1,278 | 107 | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | (46,746) | (46,639) | 107 | (6,156) | (6,156) | 0 |
| Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses | (137,687) | (14,110) | 123,577 | (19,118) | (19,050) | 68 |
| Fund Balances at Beginning of Year | 111,306 | 111,306 | 0 | 54,940 | 54,940 | 0 |
| Prior Year Encumbrances Appropriated | 165,647 | 165,647 | 0 | 17,681 | 17,681 | 0 |
| Fund Balances at End of Year | \$139,266 | \$262,843 | \$123,577 | \$53,503 | \$53,571 | \$68 |

See accompanying notes to the general purpose financial statements

| Debt Service Fund | | | Capital Projects Funds | | | (Memorandum Only) | | |
|-------------------|------------------|----------------------------------|------------------------|------------------|----------------------------------|-------------------|------------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$342,787 | \$342,787 | \$0 | \$0 | \$0 | \$0 | \$3,166,020 | \$3,166,020 | \$0 |
| 30,623 | 30,623 | 0 | 1,176,275 | 1,176,275 | 0 | 4,403,376 | 4,521,289 | 117,913 |
| 0 | 0 | 0 | 3,161 | 3,269 | 108 | 56,075 | 59,872 | 3,797 |
| 0 | 0 | 0 | 0 | 0 | 0 | 43,465 | 43,721 | 256 |
| 0 | 0 | 0 | 0 | 0 | 0 | 127,805 | 128,305 | 500 |
| 0 | 0 | 0 | 0 | 0 | 0 | 52,513 | 52,513 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 6,672 | 6,672 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 100,273 | 100,273 | 0 |
| <u>373,410</u> | <u>373,410</u> | <u>0</u> | <u>1,179,436</u> | <u>1,179,544</u> | <u>108</u> | <u>7,956,199</u> | <u>8,078,665</u> | <u>122,466</u> |
| 0 | 0 | 0 | 121,468 | 121,468 | 0 | 3,114,572 | 3,113,830 | 742 |
| 0 | 0 | 0 | 0 | 0 | 0 | 583,449 | 583,409 | 40 |
| 0 | 0 | 0 | 0 | 0 | 0 | 72,033 | 72,016 | 17 |
| 0 | 0 | 0 | 0 | 0 | 0 | 170,972 | 170,955 | 17 |
| 0 | 0 | 0 | 8,210 | 8,210 | 0 | 224,637 | 224,614 | 23 |
| 0 | 0 | 0 | 0 | 0 | 0 | 18,490 | 18,333 | 157 |
| 0 | 0 | 0 | 0 | 0 | 0 | 670,054 | 670,020 | 34 |
| 5,848 | 5,848 | 0 | 14 | 14 | 0 | 277,306 | 277,441 | (135) |
| 0 | 0 | 0 | 0 | 0 | 0 | 785,850 | 785,718 | 132 |
| 0 | 0 | 0 | 0 | 0 | 0 | 426,520 | 426,368 | 152 |
| 0 | 0 | 0 | 0 | 0 | 0 | 22,414 | 22,413 | 1 |
| 0 | 0 | 0 | 0 | 0 | 0 | 12,517 | 12,517 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 222,236 | 222,236 | 0 |
| 0 | 0 | 0 | 1,086,576 | 1,086,576 | 0 | 1,128,322 | 1,128,322 | 0 |
| 125,000 | 125,000 | 0 | 0 | 0 | 0 | 125,000 | 125,000 | 0 |
| 229,059 | 229,059 | 0 | 0 | 0 | 0 | 229,059 | 229,059 | 0 |
| <u>359,907</u> | <u>359,907</u> | <u>0</u> | <u>1,216,268</u> | <u>1,216,268</u> | <u>0</u> | <u>8,083,431</u> | <u>8,082,251</u> | <u>1,180</u> |
| <u>13,503</u> | <u>13,503</u> | <u>0</u> | <u>(36,832)</u> | <u>(36,724)</u> | <u>108</u> | <u>(127,232)</u> | <u>(3,586)</u> | <u>123,646</u> |
| 0 | 0 | 0 | 0 | 0 | 0 | 80 | 80 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 16 | 16 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 21,100 | 21,100 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | (6,100) | (6,100) | 0 |
| 19,169 | 19,169 | 0 | 50,000 | 50,000 | 0 | 69,225 | 69,225 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | (69,225) | (69,225) | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 | 1,171 | 1,278 | 107 |
| <u>19,169</u> | <u>19,169</u> | <u>0</u> | <u>50,000</u> | <u>50,000</u> | <u>0</u> | <u>16,267</u> | <u>16,374</u> | <u>107</u> |
| 32,672 | 32,672 | 0 | 13,168 | 13,276 | 108 | (110,965) | 12,788 | 123,753 |
| 127,703 | 127,703 | 0 | 73,964 | 73,964 | 0 | 367,913 | 367,913 | 0 |
| 0 | 0 | 0 | 19,024 | 19,024 | 0 | 202,352 | 202,352 | 0 |
| <u>\$160,375</u> | <u>\$160,375</u> | <u>\$0</u> | <u>\$106,156</u> | <u>\$106,264</u> | <u>\$108</u> | <u>\$459,300</u> | <u>\$583,053</u> | <u>\$123,753</u> |

***Combined Statement of Revenues,
Expenses and Changes in Retained Earnings
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999***

| | Enterprise |
|---|------------|
| <u>Operating Revenues</u> | |
| Tuition | \$4,150 |
| Sales | 217,974 |
| | 222,124 |
| <u>Operating Expenses</u> | |
| Salaries | 126,240 |
| Fringe Benefits | 29,820 |
| Purchased Services | 1,166 |
| Materials and Supplies | 28,773 |
| Cost of Sales | 98,337 |
| Other | 321 |
| | 284,657 |
| Total Operating Expenses | 284,657 |
| Operating Loss | (62,533) |
| <u>Non-Operating Revenues</u> | |
| Federal Donated Commodities | 11,230 |
| Interest | 407 |
| Federal and State Subsidies | 60,436 |
| | 72,073 |
| Total Non-Operating Revenues | 72,073 |
| Net Income | 9,540 |
| Retained Earnings at Beginning of Year - Restated (See Note 3) | 114,693 |
| Retained Earnings at End of Year | \$124,233 |

See accompanying notes to the general purpose financial statements

***Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999***

| | Enterprise Funds | | Variance Favorable (Unfavorable) |
|--|-------------------|-----------------|--|
| | Revised Budget | Actual | |
| <u>Revenues:</u> | | | |
| Tuition | \$4,150 | \$4,150 | \$0 |
| Sales | 221,938 | 224,852 | 2,914 |
| Interest | 330 | 407 | 77 |
| Federal and State Subsidies | 53,713 | 53,713 | 0 |
| Total Revenues | 280,131 | 283,122 | 2,991 |
| <u>Expenses:</u> | | | |
| Salaries | 108,983 | 108,983 | 0 |
| Fringe Benefits | 41,607 | 41,578 | 29 |
| Purchased Services | 1,166 | 1,208 | (42) |
| Materials and Supplies | 125,706 | 125,706 | 0 |
| Other | 321 | 321 | 0 |
| Total Expenses | 277,783 | 277,796 | (13) |
| Excess of Revenues Over Expenses | 2,348 | 5,326 | 2,978 |
| Advances Out | (15,000) | (15,000) | 0 |
| Excess of Revenues Over (Under) Expenses and Advances | (12,652) | (9,674) | 2,978 |
| Fund Equity at Beginning of Year | 1,735 | 1,735 | 0 |
| Prior Year Encumbrances Appropriated | 21,594 | 21,594 | 0 |
| Fund Equity at End of Year | \$10,677 | \$13,655 | \$2,978 |

See accompanying notes to the general purpose financial statements

Combined Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 1999

| | Enterprise |
|--|------------|
| <u>Increase (Decrease) in Cash and Cash Equivalents:</u> | |
| <u>Cash Flows from Operating Activities:</u> | |
| Cash Received from Customers | \$229,002 |
| Cash Payments to Suppliers for Goods and Services | (127,193) |
| Cash Payments to Employees for Services | (108,983) |
| Cash Payments for Employee Benefits | (41,578) |
| Net Cash Used for Operating Activities | (48,752) |
| <u>Cash Flows from Noncapital Financing Activities:</u> | |
| Federal and State Subsidies | 53,713 |
| Advances Out | (15,000) |
| Net Cash Provided by Noncapital Financing Activities | 38,713 |
| <u>Cash Flows from Investing Activities:</u> | |
| Interest on Investments | 407 |
| Net Decrease In Cash and Cash Equivalents | (9,632) |
| Cash and Cash Equivalents at Beginning of Year | 23,329 |
| Cash and Cash Equivalents at End of Year | \$13,697 |
| <u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u> | |
| Operating Loss | (\$62,533) |
| <u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u> | |
| Donated Commodities Used During Year | 11,230 |
| <u>Changes in Assets and Liabilities:</u> | |
| Decrease in Accounts Receivable | 13 |
| Decrease in Intergovernmental Receivable | 6,553 |
| Decrease in Due from Other Funds | 312 |
| Increase in Inventory Held for Resale | (406) |
| Increase in Materials and Supplies Inventory | (420) |
| Decrease in Accounts Payable | (9,000) |
| Decrease in Accrued Wages and Benefits | (94) |
| Increase in Compensated Absences Payable | 1,710 |
| Increase in Intergovernmental Payable | 3,883 |
| Total Adjustments | 13,781 |
| Net Cash Used For Operating Activities | (\$48,752) |

See accompanying notes to the general purpose financial statements

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Williamsburg 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/or federal guidelines.

The School District was established in 1922 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 31 square miles. It is located in Clermont County, and includes all of the Village of Williamsburg and portions of Williamsburg and Jackson Townships. It is staffed by 43 non-certificated employees, 70 certificated full-time teaching personnel and 6 administrative employees who provide services to 1,155 students and other community members. The School District currently operates 2 instructional buildings.

Reporting Entity:

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

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

The Village of Williamsburg and the Williamsburg County Library, which perform activities within the District's boundaries for the benefit of its residents, are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they dependent on the District.

The School District is associated with four organizations, two of which are defined as jointly governed organizations and two are insurance purchasing pools. These organizations include the Hamilton/Clermont Cooperative Association, U.S. Grant Joint Vocational School, the Clermont County Health Trust, and the Ohio School Boards Association Workers' Compensation Group

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY
(continued)

Rating Plan. These organizations are presented in Notes 20 and 21 to the general-purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Williamsburg 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 School District also applied Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

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

Proprietary Fund Type:

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

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

Fiduciary Fund Type:

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

Account Groups:

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, grants, tuition, rent, and student fees.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Clermont County Budget Commission for rate determination.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, one supplemental appropriation was legally enacted; however, this amendment was not significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. Retainage accounts held until the completion of major construction projects have been held in separate bank accounts and are presented as "cash and cash equivalents with fiscal and escrow agents."

During fiscal year 1999, investments were limited to STAR Ohio and repurchase agreements.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

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 1999 amounted to \$56,603 which includes \$24,764 assigned from other School District funds. The capital projects fund and enterprise fund also received interest of \$3,269 and \$407, respectively.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

E. Inventory

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories consist of donated food, purchased food, non-food, and school supplies held for resale and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, 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 is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

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

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise fund is computed using the straight-line method over an estimated useful life of five to twenty years.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- School Bus Program
- State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems
- Disadvantaged Pupil Impact Aid
- Textbook Subsidy
- Title I
- Title VI
- Title VI-B
- Drug-Free Schools
- Professional Development Block Grant

Capital Projects Fund

- School Net

Reimbursable Grants

General Fund

- Driver Education

Special Revenue

- E-Rate

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in the governmental funds amounted to approximately fifty-four percent of governmental fund revenue during the 1999 fiscal year.

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as “interfund receivables” and “interfund payables.”

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. 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. Sick leave benefits are accrued as a liability using the termination payment 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.

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

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have used current financial available resources. Capital leases, long-term loans and bonds are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, facilities maintenance, property taxes, budget stabilization, and school bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

N. Restricted Assets

Restricted assets in the general fund are cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent grant revenues for the purchase of buses, and amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

O. Estimates

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

P. Total Columns on General-Purpose Financial Statements

Total columns on the general-purpose financial statements are captioned "Totals - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 3 - RESTATEMENT OF PRIOR YEAR BALANCES

In the prior year, the liability for compensated absences was overstated in both the enterprise funds and general long-term obligations account group because employee stipends were included in the termination calculation for total sick days. The liability for compensated absences in the General Long-Term Obligations Account Group has been restated to \$5,163,538.

The School District changed its capitalization threshold from one hundred and fifty dollars to five hundred dollars during the year. This change in estimate is reflected in the restatement below.

The School District had an appraisal done to evaluate the total cost of the new high school building. The costs associated with the building was different than the capitalized cost of the building reported as of 7/1/98. These restatements had the following affects on prior year balances:

| | <u>Amount at 7/1/98</u> | <u>Restated Amount</u> |
|---|-------------------------|------------------------|
| General Long-Term Obligations Account Group | \$5,329,254 | \$5,163,538 |
| General Fixed Assets Account Group | 15,294,748 | 15,130,160 |
| Enterprise Fund Type | 35,567 | 114,693 |

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 1999, the General Fund had a deficit fund balance of \$86,237 which was due to adjustments for accrued liabilities. The District is monitoring the general fund deficit and will take appropriate action if deemed necessary. The Professional Development, Title VI-B, and Chapter I Special Revenue Funds had deficit fund balances of \$235, \$6,495 and \$7,646, respectively, which were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE (continued)

B. Compliance

Contrary to Section 5705.41(B) Ohio Revised Code, the following accounts had expenditures plus encumbrances in excess of appropriations at the end of the fiscal year ended June 30, 1999.

| <u>Fund / Function</u> | <u>Appropriation</u> | <u>Expenditures</u> | <u>Excess</u> |
|------------------------|----------------------|---------------------|---------------|
| General Fund: | | | |
| Support Services: | | | |
| Fiscal | | | |
| Other | \$62,345 | \$62,522 | \$177 |
| Lunchroom Fund: | | | |
| Purchased Services | 1,166 | 1,208 | 42 |

The following fund had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 1999:

| <u>Fund Type/Fund</u> | <u>Estimated Resources</u> | <u>Appropriations</u> | <u>Excess</u> |
|-----------------------------|----------------------------|-----------------------|---------------|
| Special Revenue Fund: | | | |
| District Managed Activities | \$55,748 | \$62,697 | \$6,949 |

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).

4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

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

| | General | Special Revenue | Debt Service | Capital Projects |
|---------------------|------------|--------------------|-----------------|---------------------|
| GAAP Basis | \$293,394 | \$22,321 | \$65,696 | \$429,077 |
| Adjustments: | | | | |
| Revenue Accrual | (284,778) | 0 | (33,024) | 0 |
| Expenditure Accrual | 33,601 | (4,691) | 0 | (351,461) |
| Encumbrances | (77,597) | (30,580) | 0 | (64,340) |
| Advances | 21,100 | (6,100) | 0 | 0 |
| Budget Basis | (\$14,280) | (\$19,050) | \$32,672 | \$13,276 |

Net Income/Excess of Revenues
Under Expenses and Advances
Proprietary Fund Type

| | Enterprise |
|----------------------------------|------------|
| GAAP Basis | \$9,540 |
| Adjustments: | |
| Revenue Accruals | 155 |
| Expense Accruals | (5,153) |
| Inventory Held for Resale | 406 |
| Materials and Supplies Inventory | 420 |
| Advances | (15,000) |
| Encumbrances | (42) |
| Budget Basis | (\$9,674) |

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

Cash on Hand At year end, the School District had \$650 in undeposited cash on hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents."

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

Deposits At year end, the carrying amount of the School District's deposits was (\$96,200) and the bank balance was \$103,367. The entire bank balance was covered by federal depository insurance.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

| | Category 3 | Carrying Amount | Fair Value |
|----------------------|------------|--------------------|---------------|
| Repurchase Agreement | \$411,692 | \$411,692 | \$411,692 |
| STAR Ohio | 0 | 522,990 | 522,990 |
| Total | \$411,692 | \$934,682 | \$934,682 |

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

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

| | Cash and Cash Equivalents/Deposits | Investments |
|-----------------------|---------------------------------------|-------------|
| GASB Statement No.9 | \$839,132 | \$0 |
| Cash on Hand | (650) | 0 |
| Investments: | | |
| Repurchase Agreements | (411,692) | 411,692 |
| STAR Ohio | (522,990) | 522,990 |
| GASB Statement No. 3 | (\$96,200) | \$934,682 |

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District 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.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 7 - PROPERTY TAXES (continued)

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999, and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Clermont and Brown Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property taxes payments collected by the County by June 30, 1999, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including Williamsburg School District. The County Auditor periodically remits to the School District its portion of taxes. Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 7 - PROPERTY TAXES (continued)

operations. The amount available as an advance at June 30, 1999, was \$310,992 in the General Fund and \$42,408 in the Debt Service Fund.

The assessed values upon which fiscal year 1999 taxes were collected are:

| | 1998 Second- Half Collections | | 1999 First- Half Collections | |
|---|----------------------------------|---------|---------------------------------|---------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | \$60,611,410 | 70.01% | \$62,390,910 | 67.15% |
| Public Utility | 7,501,170 | 8.66 | 7,557,750 | 8.14 |
| Tangible Personal Property | 18,468,916 | 21.33 | 22,960,622 | 24.71 |
| Total Assessed Value | \$86,581,496 | 100.00% | \$92,909,282 | 100.00% |
| Tax rate per \$1,000 of assessed valuation | \$45.60 | | \$45.60 | |

NOTE 8 - RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

| | Amounts |
|-------------------------------|---------|
| General Fund | |
| STRS overpayment | \$2,379 |
| Enterprise Fund | |
| Lunchroom | |
| Federal and State commodities | 6,723 |
| Total All Funds | \$9,102 |

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 9 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 1999, follows:

| | |
|-------------------------------|-------------------------|
| Furniture and Equipment | \$218,782 |
| Less Accumulated Depreciation | <u>(69,243)</u> |
| Net Fixed Assets | <u><u>\$149,539</u></u> |

A summary of the changes in general fixed assets during fiscal year 1999 follows:

| Asset Category | Restated Balance at 7/1/99 | Additions | Deletions | Balance at 6/30/99 |
|--------------------------------------|----------------------------------|-------------------------|------------------------|----------------------------|
| Land and Improvements | \$1,260,006 | \$0 | \$0 | \$1,260,006 |
| Buildings and Improvements | 11,336,740 | 0 | 0 | 11,336,740 |
| Furniture, Fixtures and Equipment | 1,981,675 | 91,748 | 23,787 | 2,049,636 |
| Vehicles | 551,739 | 0 | 0 | 551,739 |
| Construction In Progress | 0 | 49,663 | 0 | 49,663 |
| Totals | <u><u>\$15,130,160</u></u> | <u><u>\$141,411</u></u> | <u><u>\$23,787</u></u> | <u><u>\$15,247,784</u></u> |

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with Nationwide Insurance for fleet and liability insurance, and contracted with Indiana Insurance for property and inland marine coverage. Coverages provided are as follows:

| | |
|---|----------------|
| Building and Contents-replacement cost (\$500 deductible) | \$19,894,709 |
| Additional Miscellaneous Property Damage (\$500 deductible) | 10,000 |
| Inland Marine Coverage (\$250 deductible) | included above |
| Additional Inland Marine Coverage | 103,669 |
| Boiler and Machinery (\$1,000 deductible) | 20,000,000 |
| Automobile Liability (\$5,500 deductible) | 2,000,000 |
| Uninsured Motorists (\$250 deductible) | 2,000,000 |
| Commercial Articles (\$500 deductible) | 5,858 |
| General Liability | |
| Per occurrence | 2,000,000 |
| Total per year | 5,000,000 |
| Fire Damage Limit | 100,000 |
| Medical Expense Limit | 5,000 |

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 10 - RISK MANAGEMENT (continued)

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

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 21). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

For fiscal year 1999, the School District participated in the Clermont County Health Trust (the Trust), a group insurance purchasing pool (Note 21), in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries. The Trustee provides insurance policies in whole or in part through one or more group insurance policies.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligation with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$75,485, \$85,184, and \$80,498, respectively; 52 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$60,678 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$362,534, \$302,106, and \$357,118, respectively; 82 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$68,333 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$181,848 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$77,069.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care the June 30, 1998 (the latest information available) were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per 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 non-certified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for certified employees. Upon retirement, payment is made for 35 percent of accrued, but unused sick leave credit to a maximum of 77 days. Non-certified employees may accumulate sick leave up to a maximum of 220 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days. The District is offering a retirement incentive during the first year that an employee becomes eligible to retire. The incentive is 60% (three payments) or 50% (two payment) of accrued, but unused sick leave, up to a maximum of 220 days.

B. Life and Accident Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Unum.

NOTE 14 - CAPITALIZED LEASES

Lessee Disclosure:

In prior years, the District had entered into capitalized leases for the acquisition of reproduction equipment. The terms of each agreement provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the General-Purpose Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$400,264 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 totaled \$73,809.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 14 - CAPITALIZED LEASES (continued)

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

| Fiscal Year Ending June 30, | Payment |
|---|------------------|
| 2000 | \$92,215 |
| 2001 | 92,215 |
| 2002 | 92,215 |
| 2003 | 46,107 |
| Total Minimum Lease Payments | 322,752 |
| Less: Amount Representing Interest | (31,717) |
| Present Value of Minimum Lease Payments | <u>\$291,035</u> |

Lessor Disclosure:

The District currently is leasing the old junior-senior high building to the Board of Clermont County Commissioners, Clermont County Educational Service Center and Clermont County Senior Service, Inc.

The lease with the Board of Clermont County Commissioners contains an option to purchase. The Clermont County Commissioners have the option to purchase the property for the purchase price of \$300,000 if they give written notice of the election to purchase by December 31, 2003 and are current with rental payments. In the event that the Clermont County Commissioners exercise the option to purchase, rental payments not to exceed \$120,000 in total previously paid to the district, shall be credited to the purchase price if the option is exercised prior to December 31, 2003. If the option is exercised after December 31, 2003, no rental payment shall apply to the purchase price. The Clermont County Commissioners further have the option to purchase the property for the purchase price of \$350,000 by December 31, 2006, if they exercise a second lease extension and are current with rental payments.

The purchase option is subject to the right of the District to use the current board offices and nonexclusive use of the gymnasium area for 20 years at a lease rate of \$1.00 per year.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 14 - CAPITALIZED LEASES (continued)

The following is a schedule of the future minimum lease payments required under capital leases as of June 30, 1999.

| <u>Fiscal Year Ending June 30,</u> | <u>Lease Payment</u> |
|------------------------------------|----------------------|
| 2000 | \$40,000 |
| 2001 | <u>40,000</u> |
| Total | <u>80,000</u> |

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999, were as follows:

| | <u>Restated Amount Outstanding 7/1/98</u> | <u>Additions</u> | <u>Deductions</u> | <u>Amount Outstanding 6/30/99</u> |
|--|---|------------------|-------------------|---|
| New High School | | | | |
| Bond 1996 3.4% | \$4,115,000 | \$0 | \$110,000 | \$4,005,000 |
| Energy Conservation Loan 1992 5.75% | <u>80,000</u> | <u>0</u> | <u>15,000</u> | <u>65,000</u> |
| Total Long-Term Bonds and Loans | <u>4,195,000</u> | <u>0</u> | <u>125,000</u> | <u>4,070,000</u> |
| Capital Lease Payable | 364,844 | 0 | 73,809 | 291,035 |
| Pension Obligation | 36,458 | 40,046 | 36,458 | 40,046 |
| Compensated Absences | 567,236 | 0 | 53,211 | 514,025 |
| Total General Long-Term Obligations | <u>\$5,163,538</u> | <u>\$40,046</u> | <u>\$288,478</u> | <u>\$4,915,106</u> |

The 1996 New High School General Obligation Bonds were issued in the amount of \$4,255,000 in March, 1996 as a result of the School District being approved for a \$6,884,573 school facilities loan. The School District issued the general obligation bonds to provide a partial cash match for the school facilities loans. As a requirement of the loans, the School District was required to pass a 4.67 mill levy. The 4.67 mill levy, of which .5 mill is used for retirement of the loan, will be in effect for twenty-three years. The bonds will be repaid with tax revenue.

In October, 1997, the School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the remainder of the classroom facilities loan to the State because the School District's adjusted valuation per pupil, (\$75,068) was less than the state-wide median adjusted valuation per pupil of \$91,750. In lieu of payment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation per pupil during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

Energy Conservation Loan - On October 1, 1992, Williamsburg Local School District issued \$135,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2003. The loan will be retired from the debt service fund.

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid. Capital lease obligations will be paid from the general fund.

The School District's overall legal debt margin was \$4,544,618, an energy conservation debt margin of \$771,184 with an unvoted debt margin of \$92,909 at June 30, 1999.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 1999, are as follows:

GENERAL OBLIGATION BONDS

| Fiscal year Ending June 30, | Principal | Interest | Total |
|--------------------------------|--------------------|--------------------|--------------------|
| 2000 | \$115,000 | \$220,156 | \$335,156 |
| 2001 | 115,000 | 215,528 | 330,528 |
| 2002 | 120,000 | 210,650 | 330,650 |
| 2003 | 125,000 | 205,443 | 330,443 |
| 2004 | 130,000 | 199,895 | 329,895 |
| 2005-2009 | 815,000 | 825,479 | 1,640,479 |
| 2010-2014 | 1,135,000 | 510,125 | 1,645,125 |
| 2015-2019 | 1,450,000 | 188,750 | 1,638,750 |
| Total | <u>\$4,005,000</u> | <u>\$2,576,026</u> | <u>\$6,581,026</u> |

ENERGY CONSERVATION LOAN

| Fiscal year Ending June 30, | Principal | Interest | Total |
|--------------------------------|-----------------|----------------|-----------------|
| 2000 | \$15,000 | \$3,306 | \$18,306 |
| 2001 | 15,000 | 2,444 | 17,444 |
| 2002 | 15,000 | 1,581 | 16,581 |
| 2003 | 20,000 | 575 | 20,575 |
| Total | <u>\$65,000</u> | <u>\$7,906</u> | <u>\$72,906</u> |

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 16 - INTERFUND ACTIVITY

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

| Fund Type/Fund | Interfund Receivables | Interfund Payables |
|-----------------|--------------------------|-----------------------|
| General Fund | \$900 | \$0 |
| Fiduciary Fund: | | |
| Agency | 0 | 900 |
| Total All Funds | \$900 | \$900 |

NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization. However, since the general fund total revenue growth was less than 3%, no additional set-aside was required.

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

| | Textbooks | Capital Acquisition | Budget Stabilization | Total |
|--|-----------|------------------------|-------------------------|-----------|
| Set-aside Cash Balance as of June 30, 1998 | \$0 | \$0 | \$32,393 | \$32,393 |
| Current Year Set-aside Requirement | 91,885 | 91,885 | 0 | 183,770 |
| Current Year Offsets | (16,217) | (91,885) | 0 | (108,102) |
| Qualifying Disbursements | (75,668) | 0 | 0 | (75,668) |
| Set aside Cash Balance as of June 30, 1999 | 0 | 0 | 32,393 | 32,393 |

Although the School District had offsets and qualifying disbursements and capital maintenance improvements during the year that reduced the set-aside amounts for textbooks and capital acquisitions to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Qualifying disbursements for textbooks and instructional materials and capital maintenance and improvements during the year were \$116,698 which exceeded the required set-aside and the reserve balance.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES (continued)

| | <u>Capital Acquisition</u> | <u>Budget Stabilization</u> | <u>Total</u> |
|--|--------------------------------|---------------------------------|-----------------|
| Additional Money Set Aside as of 6/30/99 | <u>\$24,000</u> | <u>\$50,310</u> | <u>\$74,310</u> |

The School District also set-aside additional money in excess of statutory requirements for budget stabilization and capital acquisitions. These amounts are presented on the balance sheet as a designation of fund balance rather than as a reserve, and are therefore not included in restricted assets.

NOTE 18 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and latch-key program. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 1999.

| | Food Service | Latchkey | Total |
|------------------------------|-----------------|----------|-----------|
| Operating Revenues | \$217,974 | \$4,150 | \$222,124 |
| Operating Loss | (62,533) | 0 | (62,533) |
| Donated Commodities | 11,230 | 0 | 11,230 |
| Federal and State Subsidies | 60,436 | 0 | 60,436 |
| Other Non-Operating Revenues | 407 | 0 | 407 |
| Net Income | 9,540 | 0 | 9,540 |
| Net Working Capital | 1,774 | 0 | 1,774 |
| Total Assets | 177,282 | 0 | 177,282 |
| Long term: | | | |
| Compensated Absences | 13,915 | 0 | 13,915 |
| Intergovernmental Payable | 13,165 | 0 | 13,165 |
| Total Equity | 124,233 | 0 | 124,233 |
| Encumbrances June 30, 1999 | 42 | 0 | 42 |

NOTE 19 - SCHOOL FUNDING COURT DECISION

On March 24, 1998, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's Aschool foundation program®, which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$2,780,290 of school foundation support for its general fund.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

NOTE 19 - SCHOOL FUNDING COURT DECISION (continued)

In addition, the Court declared the classroom facilities program unconstitutional. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 1999, the School District had received a grant of \$6,884,573 under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

Hamilton/Clermont Cooperative Association

The Williamsburg Local School District is a participant in a two county consortium of school districts to operate The Hamilton/Clermont Cooperative Association (H/CCA). H/CCA is an association of public districts in a geographic area determined by the Ohio Department of Education. 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 districts. The Board of H/CCA consists of one representative from each of the participating members. The School District paid \$15,926 for services provided during the fiscal year. Complete financial statements for H/CCA can be obtained from Al Porter, director, at their administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

U.S. Grant Joint Vocational School

The U.S. Grant Joint Vocational School, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school districts' elected board, which possesses its own budgeting and taxing authority. U.S. Grant Joint Vocational School was formed for the purpose of providing vocational education opportunities to the students of the school district including students of Williamsburg Local School District. The School District has no ongoing financial interest in nor responsibility for the Vocational School. Complete financial statements for U.S. Grant Joint Vocational School can be obtained from the treasurer by writing 3046 State Route 125, Bethel, Ohio 45106.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

NOTE 21 - INSURANCE PURCHASING POOL

Clermont County Health Trust

The Clermont County Health Trust (the Trust), an insurance purchasing pool, is a health trust formed to provide affordable and desirable dental, life, medical, and other disability group insurance for members' employees, eligible dependents and designated beneficiaries of such employees. The Board of Directors consists of one representative from each of the participating members and are elected by the vote of a majority of the member school districts. The School District pays premiums to a third party administrator, Educational Purchasing Council, which in turn buys the insurance policies from various insurance companies. Upon termination, the School District is responsible for prompt payment of all plan liabilities accruing as a result of such termination and maintains no right to any assets of the Trust. The School District may terminate participation in the Trust for the benefit of its employees upon written notice to the Trustee delivered at least sixty days prior to the annual review date of the policy. Financial information can be obtained from Dr. Alexander, administrator of the Clermont County Health Trust, at P.O. Box 526 Middletown, Ohio 45042.

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the plan. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the plan.

NOTE 22 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation

The School District is not party to legal proceedings.

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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Williamsburg Local School District
Clermont County
549A West Main Street
Williamsburg, Ohio 45176

To the Board of Education:

We have audited the accompanying financial statements of the Williamsburg Local School District, Clermont County, Ohio (the District), as of and for the fiscal year ended June 30, 1999, and have issued our report thereon dated March 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 21, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 21, 2000.

Williamsburg Local School District
Clermont County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

March 21, 2000



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OFFICE OF THE AUDITOR

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WILLIAMSBURG LOCAL SCHOOL DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 11, 2000**