



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

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JIM PETRO, AUDITOR OF STATE

**Williamsburg Local School District**  
**Clermont County**

**Financial Forecast**  
**For The Fiscal Year Ending June 30, 2001**

Williamsburg Local School District  
Clermont County

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**CERTIFICATION**

Certification is hereby made that, based upon the requirement set forth in Section 3316.03(A), Revised Code, the Local Government Services Division of the Auditor of State's Office has examined the financial forecast of the General Fund of the Williamsburg Local School District, Clermont County, Ohio, as requested by the Board of Education by resolution passed on January 8, 2001. This forecast is based on the assumption that the School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. Additional significant assumptions are set forth in the forecast. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast, and the variations may be material.

The forecast reflects an operating deficit for the fiscal year ending June 30, 2001, of \$778,000 which includes \$49,000 in cash reserves. The cash reserves consist of a textbooks and instructional materials reserve of \$9,000 and bus purchase reserve of \$40,000.

Section 5705.29, Revised Code, allows the school district board to appropriate monies from the budget reserve pursuant to a resolution adopted by two-thirds of the membership of the board for unanticipated deficiencies in revenue or other emergencies. Senate Bill 345, effective April 10, 2001, will eliminate the requirement for school districts to maintain a budget reserve. Any monies on hand in the school district's budget reserve at that time may, at the discretion of the board, be returned to the district's general fund or may be left in the account to offset any future deficits. Additionally, any portion of the budget reserve consisting of rebates or refunds from the Bureau of Workers' Compensation may only be used for purposes specified in the Revised Code, including to offset a budget deficit.

Section 133.301, Revised Code, allows the School District to issue notes during the current fiscal year in anticipation of fiscal year 2002 property tax revenues provided that such amount, referred to as the spending reserve, is included in the current year tax budget and the State Superintendent of Public Instruction has authorized such notes. The School District did not include a spending reserve in their current year tax budget.

The forecasted revenues include all property taxes scheduled for settlement during the forecast period. The forecast excludes the receipt of any advances against fiscal year 2002 scheduled property tax settlements. The potential advances have been excluded due to the School District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. The projected operating deficit could be reduced to the extent tax advances are received prior to June 30, 2001 and to the extent the Board appropriates such advances. Currently, it is the Board's intent not to appropriate any such advances for fiscal year 2001.

Christine L. Hansen, CPA  
Chief of Local Government Services

April 6, 2001



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Board of Education  
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We have examined the accompanying forecasted schedule of revenues, expenditures and changes in fund balance of the general fund of the Williamsburg Local School District for the fiscal year ending June 30, 2001. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by the Board of Education and the preparation and presentation of the forecast.

The accompanying forecast was prepared for the purpose of determining whether the Williamsburg Local School District should be placed into fiscal watch under Section 3316.03(A) of the Ohio Revised Code, and to enable the Auditor of State to certify an operating deficit to the State Department of Education and should not be used for any other purpose.

In our opinion, the forecasted schedule referred to above is presented in conformity with the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for the Board's forecast. However, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after its date.

The historical financial statements for the years ended June 30, 1998, 1999, and 2000 (from which the historical data are derived) were audited by the Auditor of State's Office. The financial statements for the years ended June 30, 1998, 1999, and 2000, included an unqualified opinion and were dated January 22, 1999, March 21, 2000, and December 21, 2000, respectively.

JIM PETRO  
Auditor of State

March 23, 2001

**Williamsburg Local School District**  
**Clermont County**  
**Schedule, of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended June 30, 2001 Forecasted**  
**General Fund**

	Fiscal Year 2001 <u>Forecasted</u>
<b>Revenues</b>	
General Property Tax	\$1,889,000
Tangible Personal Property Tax	344,000
Revenue in Lieu of Taxes	748,000
Unrestricted Grants-in-Aid	2,878,000
Restricted Grants-in-Aid	35,000
Property Tax Allocation	242,000
All Other Revenues	<u>136,000</u>
Total Revenues	<u>6,272,000</u>
<b>Other Financing Sources</b>	
Advances-In	<u>23,000</u>
Total Revenues and Other Financing Sources	<u>6,295,000</u>
<b>Expenditures</b>	
Personal Services	3,982,000
Employees' Retirement/Insurance Benefits	1,139,000
Purchased Services	918,000
Supplies and Materials	345,000
Capital Outlay	106,000
Debt Service:	
Principal-HB 264 Loans	15,000
Interest and Fiscal Charges	2,000
Other Objects	<u>108,000</u>
Total Expenditures	<u>6,615,000</u>
<b>Other Financing Uses</b>	
Operating Transfers-Out	268,000
Advances-Out	<u>38,000</u>
Total Other Financing Uses	<u>306,000</u>
Total Expenditures and Other Financing Uses	<u>6,921,000</u>
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(626,000)
Cash Balance (Deficit) July 1	<u>(23,000)</u>
Cash Balance (Deficit) June 30	(649,000)
Estimated Encumbrances June 30	<u>(80,000)</u>
Unencumbered Fund Balance (Deficit) June 30	(729,000)
<b>Reservations of Fund Balance</b>	
Textbooks and Instructional Materials	9,000
Bus Purchases	<u>40,000</u>
<b>Unencumbered/Unreserved Fund Balance (Deficit) June 30</b>	<b><u>(\$778,000)</u></b>

See accompanying summary of significant forecast assumptions, accounting policies and accountant's report

**Williamsburg Local School District  
Clermont County  
Schedule, of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended June 30, 2001 Forecasted  
General Fund**

	Fiscal Year 1998 Actual	Fiscal Year 1999 Actual	Fiscal Year 2000 Actual	Fiscal Year 2001 Forecasted
<b>Revenues</b>				
General Property Tax	\$1,787,000	\$1,843,000	\$1,890,000	\$1,889,000
Tangible Personal Property Tax	779,000	938,000	1,071,000	344,000
Revenue in Lieu of Taxes	0	0	0	748,000
Unrestricted Grants-in-Aid	2,374,000	2,746,000	2,810,000	2,878,000
Restricted Grants-in-Aid	30,000	62,000	41,000	35,000
Property Tax Allocation	208,000	211,000	239,000	242,000
All Other Revenues	160,000	184,000	147,000	136,000
<b>Total Revenues</b>	<b>5,338,000</b>	<b>5,984,000</b>	<b>6,198,000</b>	<b>6,272,000</b>
<b>Other Financing Sources</b>				
Operating Transfers-In	0	0	32,000	0
Advances-In	32,000	46,000	1,000	23,000
All Other Financing Sources	34,000	0	23,000	0
<b>Total Other Financing Sources</b>	<b>66,000</b>	<b>46,000</b>	<b>56,000</b>	<b>23,000</b>
<b>Total Revenues and Other Financing Sources</b>	<b>5,404,000</b>	<b>6,030,000</b>	<b>6,254,000</b>	<b>6,295,000</b>
<b>Expenditures</b>				
Personal Services	3,366,000	3,688,000	3,822,000	3,982,000
Employees' Retirement/Insurance Benefits	864,000	909,000	1,051,000	1,139,000
Purchased Services	582,000	708,000	814,000	918,000
Supplies and Materials	356,000	327,000	380,000	345,000
Capital Outlay	115,000	146,000	229,000	106,000
Debt Service:				
Principal-HB 264 Loans	15,000	15,000	15,000	15,000
Interest and Fiscal Charges	5,000	4,000	3,000	2,000
Other Objects	94,000	170,000	114,000	108,000
<b>Total Expenditures</b>	<b>5,397,000</b>	<b>5,967,000</b>	<b>6,428,000</b>	<b>6,615,000</b>
<b>Other Financing Uses</b>				
Operating Transfers-Out	33,000	50,000	120,000	268,000
Advances-Out	46,000	0	8,000	38,000
<b>Total Other Financing Uses</b>	<b>79,000</b>	<b>50,000</b>	<b>128,000</b>	<b>306,000</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>5,476,000</b>	<b>6,017,000</b>	<b>6,556,000</b>	<b>6,921,000</b>
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(72,000)	13,000	(302,000)	(626,000)
Cash Balance (Deficit) July 1	338,000	266,000	279,000	(23,000)
Cash Balance (Deficit) June 30	266,000	279,000	(23,000)	(649,000)
Estimated Encumbrances June 30	(152,000)	(87,000)	(41,000)	(80,000)
Unencumbered Fund Balance (Deficit) June 30	114,000	192,000	(64,000)	(729,000)
<b>Reservations of Fund Balance</b>				
Textbooks and Instructional Materials	0	0	0	9,000
Budget Reserve	32,000	32,000	86,000	0
Bus Purchases	0	44,000	20,000	40,000
<b>Unencumbered/Unreserved Fund Balance (Deficit) June 30</b>	<b>\$82,000</b>	<b>\$116,000</b>	<b>(\$170,000)</b>	<b>(\$778,000)</b>

See accompanying summary of significant forecast assumptions, accounting policies and accountant's report

Williamsburg Local School District  
 Summary of Significant Forecast Assumptions and Accounting Policies  
 For the Fiscal Year Ending June 30, 2001

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**NOTE 1 - NATURE AND LIMITATIONS OF THE FORECAST**

This financial forecast presents, to the best of the Williamsburg Local School District Board of Education's knowledge and belief, the expected revenues, expenditures and operating balance of the general fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of March 23, 2001, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

This forecast was prepared to assist in determining whether the Williamsburg Local School District (the School District) meets the criteria for fiscal watch under Section 3316.03 of the Ohio Revised Code and to allow the Auditor of State to certify an operating deficit to the State Department of Education and should not be used for any other purpose.

**NOTE 2 - NATURE OF THE PRESENTATION**

The forecast presents the revenues, expenditures, and changes in fund balance of the general fund. Under State law, certain general fund resources received from the State must be spent on specific programs. These resources and the related expenditures have been segregated in the accounting records of the School District to demonstrate compliance. State laws also requires general fund resources pledged for the repayment of debt to be recorded directly in the debt service fund.

For presentation in the forecast, the general fund has been adjusted to include the financial activity and balances of the disadvantaged pupil impact aid (DPIA) fund, the textbook subsidy fund and the activity of the debt service fund related to the general fund supported debt. The inclusion of this activity has generated differences with the audited financial statements for the fiscal years ended June 30, 1998, 1999, and 2000. These differences are as follows:

	<u>Fiscal Year 1998</u>	<u>Fiscal Year 1999</u>	<u>Fiscal Year 2000</u>
<u>Revenues and Other Financing Sources</u>			
General Fund as Previously Reported	\$5,443,000	\$6,149,000	\$6,394,000
DPIA	14,000	13,000	19,000
Textbook Subsidy	16,000	16,000	0
Less Other Funds Included for External Reporting Purposes	(69,000)	(148,000)	(159,000)
Total Revenues and Other Financing Sources per Forecast	<u>5,404,000</u>	<u>6,030,000</u>	<u>6,254,000</u>
<u>Expenditures and Other Financing Uses</u>			
General Fund as Previously Reported	5,675,000	6,163,000	6,669,000
Less Encumbrances	(152,000)	(87,000)	(41,000)
DPIA	14,000	13,000	18,000
Debt Service Activity Related to General Fund Supported Debt	20,000	19,000	18,000
Less Other Funds Included for External Reporting Purposes	(81,000)	(91,000)	(108,000)
Total Expenditures and Other Financing Uses per Forecast	<u>\$5,476,000</u>	<u>\$6,017,000</u>	<u>\$6,556,000</u>

Continued

Williamsburg Local School District  
 Summary of Significant Forecast Assumptions and Accounting Policies  
 For the Fiscal Year Ending June 30, 2001

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**NOTE 2 - NATURE OF THE PRESENTATION** (Continued)

	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(\$72,000)	\$13,000	(\$302,000)
Cash Fund Balance at Beginning of Fiscal Year	338,000	266,000	279,000
Cash Fund Balance (Deficit) at End of Fiscal Year	266,000	279,000	(23,000)
Encumbrances at Fiscal Year End	(152,000)	(87,000)	(41,000)
Unencumbered Fund Balance (Deficit) at Fiscal Year End	<u>\$114,000</u>	<u>\$192,000</u>	<u>(\$64,000)</u>

**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. - Basis of Accounting**

This financial forecast has been prepared on a basis of cash receipts and disbursements which is consistent with the required budget basis (non-GAAP) of accounting used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when measurable and available, and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

**B. - Fund Accounting**

The School District maintains its accounting in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Funds**

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

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



Williamsburg Local School District  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

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

**Proprietary Funds**

Enterprise Funds - Enterprise funds account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has 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 Funds**

Agency Funds - 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.

**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 fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget - A tax budget of estimated cash receipts and disbursements is submitted to the Clermont County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the succeeding fiscal year.

Estimated Resources - The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Williamsburg Local School District  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

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**NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances - The School District uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

**NOTE 4 - GENERAL OPERATING ASSUMPTIONS**

The Williamsburg Local School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. The forecast contains those expenditures the Board of Education has determined to be necessary to provide for an adequate educational program.

**NOTE 5 - SIGNIFICANT ASSUMPTIONS FOR REVENUES AND OTHER FINANCING SOURCES**

**A. - General and Tangible Personal Property Taxes**

Property taxes consist of real estate, public utility real and personal property, and tangible personal property taxes. Advances may be requested from the Clermont County Auditor as the taxes are collected. When settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

State law allows for certain reductions in the form of rollbacks and homestead exemption for real estate taxes and exempts from taxation the first \$10,000 of tangible personal property. The State reimburses the School District for all revenues lost due to these exemptions. The amount of the reimbursement is included in the forecasted amount for property tax allocation.

Property taxes are levied and collected on a calendar year basis. Settlements that occur in the second half of the year are recorded as revenue in next fiscal year.

General Property Tax (Real Estate) - General property tax revenue includes real estate taxes, public utility property taxes, and manufactured home taxes. The amount shown in the revenue section of the forecast schedules represent gross property tax revenue. The general property tax revenue estimate is based upon actual receipts and information provided by the Clermont County Auditor. Amounts forecasted for the rollback and homestead exemption are included under the property tax allocation account. Based upon these estimates, the School District anticipates receiving \$1,889,000 in real estate tax revenue, which is consistent with the prior year.

Williamsburg Local School District  
 Summary of Significant Forecast Assumptions and Accounting Policies  
 For the Fiscal Year Ending June 30, 2001

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**NOTE 5 - SIGNIFICANT ASSUMPTIONS FOR REVENUES AND OTHER FINANCING SOURCES**  
 (Continued)

Tangible Personal Property Tax - Tangible personal property tax revenues are generated from the property used in business (except for public utilities). As with general property taxes, tangible personal property tax revenues are based upon information provided by the Clermont County Auditor. Based upon these estimates, the School District anticipates receiving \$344,000 in tangible personal property tax revenue, which is \$727,000 less than fiscal year 2000 receipts. The majority of the variance is caused by the establishment of a foreign trade zone for Cincinnati Milacron Inc. (the Company), a major manufacturing company within the School District. Tangible personal property in a foreign trade zone is exempt from taxation, and the tangible personal property owned by the Company comprises a large portion of the School District's tangible personal property tax base. This reduction in the total valuation of tangible personal property resulted in a significant reduction in tax receipts for the School District.

The School District has assumed in the forecast that it will be held harmless with respect to the changes implemented in the taxing structure of public utilities (namely electric companies). Additionally, the Ohio legislature passed and the governor approved legislation during 1999 calling for the reduction in the assessed valuation of the inventory component of tangible personal property tax by one percent each year over the next 25 years.

The property tax revenues for the School District are generated from several levies. The type of levies, the year approved, last year of collection, and the full tax rate are as follows:

<u>Tax Levies</u>	<u>Year Approved</u>	<u>Last year of Collection</u>	<u>Full Tax Rate (Mills)</u>
Continuing Operating	1963	n/a	\$2.20
Continuing Operating	1968	n/a	4.50
Continuing Operating	1969	n/a	4.00
Continuing Operating	1971	n/a	2.50
Continuing Operating	1971	n/a	5.00
Continuing Operating	1973	n/a	2.00
Continuing Operating	1977	n/a	3.90
Continuing Operating	1992	n/a	9.50
Inside Unvoted	n/a	n/a	3.90
Five Year Emergency	1999	2004	3.00
Total Tax Rate			<u>\$40.50</u>

**B. - Revenue in Lieu of Taxes**

Cincinnati Milacron has agreed to reimburse the School District for a portion of tax revenues that were lost as a result of the establishment of a foreign trade zone for the Company. The written agreement states that the Company will make payments in lieu of taxes to the School District. In 2000, the Company paid the School District an amount equal to 95% of the tangible personal property taxes that would have been assessed and levied for the School District if the foreign trade zone had not been established. This payment will be followed by a payment of 85% of the tangible personal property taxes in 2001 and 75% in 2002 and every year thereafter. The reimbursement amount in any calendar year shall not exceed the Company's tangible personal property tax liability in Clermont County on personal property valued at \$70 million or greater. The School District received its first payment of \$748,000 in October, 2000.

Williamsburg Local School District  
 Summary of Significant Forecast Assumptions and Accounting Policies  
 For the Fiscal Year Ending June 30, 2001

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**NOTE 5 - SIGNIFICANT ASSUMPTIONS FOR REVENUES AND OTHER FINANCING SOURCES**  
 (Continued)

**C. - Unrestricted Grants-in-Aid**

State foundation payments established by Chapter 3317 of the Ohio Revised Code are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM) and classroom teacher ratios plus other factors. The funds are distributed on a semi-monthly basis. Deductions from the monthly payments for contributions to the two school retirement systems are included in the expenditure section. Unrestricted grants-in-aid includes formula aid, special education aid, training and experience of classroom teachers funding, unrestricted disadvantaged pupil impact aid, extended service, gifted aid, transportation, and vocational education.

In 1998, State law set the base cost per pupil for fiscal year 1999 at \$4,063 and increased the rate each year thereafter, based on annual rate of inflation of two and eight-tenths percent, to \$4,177 for fiscal year 2000, and \$4,294 for fiscal year 2001.

The anticipated revenue for fiscal year 2001 is based on current estimates provided by the Ohio Department of Education. The anticipated increase of \$68,000 is caused by increases in the per pupil funding and ADM.

**D. - Restricted Grants-in-Aid**

Restricted grants-in-aid consists of disadvantaged pupil impact aid (DPIA) and a bus purchase allowance in the amount of \$15,000, and \$20,000, respectively, which reflects a \$6,000 decrease over fiscal year 2000. The majority of this decrease is due to adjustments to DPIA receipts for 1999 posted in fiscal year 2000.

**E. - Property Tax Allocation**

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the above (rollback and homestead).

Property tax allocation revenue, based on information provided by the Clermont County Auditor, is anticipated to increase \$3,000 from the prior fiscal year.

**F. - All Other Revenues**

All other revenues consist of the following:

Revenue Sources	Actual Fiscal Year 2000	Forecast Fiscal Year 2001	Variance Increase (Decrease)
Interest on Investments	\$70,000	\$73,000	\$3,000
Classroom Materials and Fees	22,000	27,000	5,000
Tuition	34,000	23,000	(11,000)
Miscellaneous	21,000	13,000	(8,000)
<b>Totals</b>	<b>\$147,000</b>	<b>\$136,000</b>	<b>(\$11,000)</b>

Williamsburg Local School District  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

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**NOTE 5 - SIGNIFICANT ASSUMPTIONS FOR REVENUES AND OTHER FINANCING SOURCES**  
(Continued)

The School District pools cash from all funds for investment purposes. Investments are restricted by provisions of the Ohio Revised Code and are valued at cost. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings with the balance recorded to the general fund. The School District's investments in STAROhio have provided a higher rate of return than other similar investments and certificates of deposit.

**G. - Advances In**

Advances in represents amounts loaned to other funds in the current or prior fiscal year which are being repaid to the general fund. The general fund will receive \$23,000 which represents the repayment of advances from various special revenue grant funds.

**H. - All Other Financing Sources**

All other financing sources in fiscal year 2000 consisted of receipts from the sale of fixed assets and personal property, as well as refunds of prior year expenditures. The School District has not had any receipts from the sale of fixed assets, sale of personal property or refund of prior year expenditures in the current fiscal year. No receipts are anticipated for fiscal year 2001.

**NOTE 6 - SIGNIFICANT ASSUMPTIONS FOR EXPENDITURES AND OTHER FINANCING USES**

**A. - Personal Services**

Personal service expenditures represent the salaries and wages paid to certified and classified staff, supplemental contracts, substitutes, severance pay, and board members' compensation. All employees receive their compensation on a bi-weekly basis. Historically, the certified, classified, and administrative staff levels have remained fairly constant.

Certified (teacher) staff salaries are based on a negotiated contract which includes base and step increases and educational incentives. The contract covers the period of January 1, 1999 through December 31, 2001 and includes cost of living increases of four percent each year, as well as yearly step increases of two percent. Classified staff salaries are based on a structure similar to the certified staff negotiated contract. Administrative salaries are set by the Board of Education.

The School District offers severance pay to both non-certified and certified employees of up to one-fourth of the accumulated sick leave and the unused personal leave upon retirement to be paid at the employee's current per diem rate. Non-certified employees are entitled to a maximum sick leave payment of fifty days. Certified employees are entitled to either a lump sum payment of twenty-five percent or two equal payments totaling thirty-five percent of their accumulated and unused sick leave at retirement. An early retirement incentive is offered to certified employees who retire in the first year in which they become eligible. Employees who meet this criteria receive either a fifty percent lump sum payment or two equal payments totaling sixty percent of their accumulated and unused sick leave at retirement. This is in lieu of the previously mentioned sick leave payment of twenty-five or thirty-five percent of the accumulated and unused sick leave.

Williamsburg Local School District  
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**NOTE 6 - SIGNIFICANT ASSUMPTIONS FOR EXPENDITURES AND OTHER FINANCING USES**  
 (Continued)

Presented below is a comparison of salaries and wages for the fiscal year 2000 and the forecast period.

	Actual Fiscal Year 2000	Forecast Fiscal Year 2001	Variance Increase (Decrease)
Certified Salaries	\$2,826,000	\$2,926,000	\$100,000
Classified Salaries	734,000	714,000	(20,000)
Substitute Salaries	80,000	76,000	(4,000)
Supplemental Contracts	123,000	141,000	18,000
Severance Pay	33,000	102,000	69,000
Other Salaries and Wages	26,000	23,000	(3,000)
	<u>\$3,822,000</u>	<u>\$3,982,000</u>	<u>\$160,000</u>

The significant increases and decreases are based on the following:

An increase in certified salaries as a result of staff and base salary increases offset by staff restructuring;

A decrease in classified salaries due to staff reductions;

An increase in supplemental salaries due to base increases and the addition of a girls soccer program; and,

An increase in severance payments because of retirement incentives.

**B. - Employees' Retirement/Insurance Benefits**

Employees' retirement and insurance benefits include employer contributions to the State pension systems, health care, medicare, workers' compensation, and other benefits arising from the negotiated agreements.

Retirement costs are based on the employers' contribution rate of 14 percent for STRS and SERS. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from over/under estimates are prorated over the next fiscal year.

Health care costs are based on the coverage terms of the existing health insurance contracts, the anticipated number of employees participating in the program, and the monthly premiums. The School District participated in the Clermont County Health Trust, a group insurance purchasing pool, in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries and to set aside funds for such purposes. The Trustee provides insurance policies in whole through one or more group insurance policies.

Williamsburg Local School District  
 Summary of Significant Forecast Assumptions and Accounting Policies  
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**NOTE 6 - SIGNIFICANT ASSUMPTIONS FOR EXPENDITURES AND OTHER FINANCING USES**  
 (Continued)

There was an increase in medical and hospitalization premiums of 26% for fiscal year 2000. The School District pays insurance premiums one month in advance, and has been informed that monthly premiums will increase by 56%, starting with premiums due in June 2001. The majority of this increase is due to an increase in claims related to births and prescription drug benefits covered by the plan.

Medicare benefits are based on the employers' rate of 1.45 percent and the payroll costs for contributing staff.

Workers' compensation premiums are based on the School District's rate and the anticipated salaries for the fiscal year.

Presented below is a comparison of fiscal year 2000 and the forecast period:

	Actual Fiscal Year 2000	Forecast Fiscal Year 2001	Variance Increase (Decrease)
Employer's Retirement	\$623,000	\$624,000	\$1,000
Health Care Insurance	375,000	454,000	79,000
Workers' Compensation	18,000	21,000	3,000
Medicare	34,000	37,000	3,000
Unemployment	1,000	3,000	2,000
	<u>\$1,051,000</u>	<u>\$1,139,000</u>	<u>\$88,000</u>

**C. - Purchased Services**

Purchased services expenditures forecasted in the amount of \$918,000 are comprised of the following:

	Actual Fiscal Year 2000	Forecast Fiscal Year 2001	Variance Increase (Decrease)
Professional and Technical Services	\$268,000	\$330,000	\$62,000
Property Services	158,000	176,000	18,000
Travel and Meeting Expenses	8,000	2,000	(6,000)
Communication Costs	22,000	42,000	20,000
Utility Services	195,000	220,000	25,000
Contracted Craft or Trade Services	4,000	2,000	(2,000)
Tuition Payments	151,000	133,000	(18,000)
Pupil Transportation Costs	8,000	13,000	5,000
	<u>\$814,000</u>	<u>\$918,000</u>	<u>\$104,000</u>

Purchased services are anticipated to increase primarily due to increased expenditures for special education, transportation, and increased utility costs.

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**NOTE 6 - SIGNIFICANT ASSUMPTIONS FOR EXPENDITURES AND OTHER FINANCING USES  
 (Continued)**

**D. - Supplies and Materials**

Supplies and materials are comprised of the following:

	Actual Fiscal Year 2000	Forecast Fiscal Year 2001	Variance Increase (Decrease)
General Supplies, Library Books and Periodicals	\$181,000	\$71,000	(\$110,000)
Operations, Maintenance, and Repair	154,000	159,000	5,000
Textbooks	45,000	115,000	70,000
	<u>\$380,000</u>	<u>\$345,000</u>	<u>(\$35,000)</u>

The above figures indicate that supplies expenditures have decreased and textbook expenditures have increased; however, this is not an accurate account of what is happening in these items. In prior years, textbook purchases were posted in supplies. This year, items have been properly classified, giving the appearance of large variances in these two line items. In general, expenditures in supplies and materials are expected to be less in 2001 due to a decrease in purchases of supplies.

**E. - Capital Outlay**

Property, plant and equipment acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these general fixed assets as the purpose of the financial statements for the general government services is to report the expenditure of resources, not costs.

Capital outlay expenditures are forecasted in the amount of \$106,000. The decrease of \$123,000 is due to not purchasing any school buses, as well as less general equipment purchases and building repairs in fiscal year 2001.

**F. - Other Objects**

Other objects include dues, fees, and liability insurance. The School District is projecting \$108,000 of expenditures in this area in fiscal year 2001. The most significant decrease is in the county auditor and election fees.

**G. - Operating Transfers and Advances Out**

The School District expects to transfer \$268,000 to other funds this year. The most significant transfers were to the athletic fund for \$149,000 and to the permanent improvement fund for \$58,000. Advances are forecasted during fiscal year 2001 in the amount of \$38,000.



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**NOTE 7 - ENCUMBRANCES**

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of an expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund balance. The amount forecasted for fiscal year 2001 is \$80,000, which includes the State Teachers' Retirement System advance.

**NOTE 8 - RESERVATIONS OF FUND BALANCE**

The School District is required by State statute to annually set aside in the general fund three percent of certain revenues 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 the future years. The School District is also required to set aside money for budget stabilization.

**A. - Textbooks and Instructional Materials**

	Fiscal Year 2001
Balance at Beginning of Fiscal Year	\$0
Current Year Set-Aside Requirement	155,000
Current Year Offsets	0
Qualifying Disbursements	146,000
Set-Aside Reserve Balance at Fiscal Year End	\$9,000

**B. - Capital Acquisition and Improvements**

	Fiscal Year 2001
Balance at Beginning of Fiscal Year	\$0
Current Year Set-Aside Requirement	155,000
Current Year Offsets	72,000
Qualifying Disbursements	83,000
Set-Aside Reserve Balance at Fiscal Year End	\$0

Williamsburg Local School District  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

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**NOTE 8 - RESERVATIONS OF FUND BALANCE** (Continued)

**C. - Budget Reserve**

The School District is required to establish a budget reserve and set aside one percent of certain revenues each year there is a growth of three percent or more in base revenues. Each year the School District meets the criteria the required balance in the budget reserve increases by one percent of the base revenue until the five percent limit is reached. Under Section 39 of House Bill 770 and 5705.29(I), Revised Code, school districts are required to credit any refund from the Bureau of Worker's Compensation to the budget reserve. Workers' compensation refunds may reduce the contribution required in the current/future periods.

Senate Bill 345, effective April 10, 2001, will eliminate the requirement for school districts to maintain a budget reserve. Any monies on hand in the budget reserve at that time may, at the discretion of the Board, be returned to the School District's general fund or may be left in the account to offset any future deficits. Additionally, any portion of the budget reserve consisting of rebates or refunds from the Bureau of Workers' Compensation may only be used for purposes specified in SB 345, including the offset of a budget deficit.

The School District intends to appropriate and spend the full amount of the budget reserve set aside during fiscal year 2001. Therefore, there will be no budget reserve at June 30, 2001.

**D. - Disadvantaged Pupil Impact Aid (DPIA)**

DPIA restricted revenues are projected to be expended completely during fiscal year 2001; therefore, no carryover reserve is anticipated.

**E. - Bus Purchases**

The School District had a \$20,000 bus purchase allowance balance at the end of fiscal year 2000. During fiscal year 2001, the School District received \$20,000 in bus purchase allowance. The School District does not intend to spend any of the allowance during fiscal year 2001. Therefore the bus purchase allowance balance will be \$40,000 at June 30, 2001.

**NOTE 9 - LEVIES**

The School District does not plan to place any levies on the ballot during fiscal year 2001. In the past ten years the School District has placed several levies on the ballot. The type of levy, rate, term, and election results are as follows:

<u>Date</u>	<u>Type</u>	<u>Amount</u>	<u>Term</u>	<u>Election Results</u>
June 1992	Operating	9.50 mills	Continuous	Passed
May 1994	Emergency	3.00 mills	5 Years	Passed
May 1995	Bond Issue	4.67 mills	23 Years	Passed
May 1995	Permanent Improvement	0.50 mills	23 Years	Passed
May 1999	Emergency (renewal)	3.00 mills	5 Years	Passed

Williamsburg Local School District  
Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

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**NOTE 10 - PENDING LITIGATION**

Management is of the opinion that there are no issues that would have a material effect on the financial forecast.

**NOTE 11 - STATE SCHOOL FUNDING DECISION**

On March 24, 1997, 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 "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,810,000 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. In fiscal year 1996, the School District was awarded a total of \$6,360,000 under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County 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 appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of the financial forecast, 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 operation.



STATE OF OHIO  
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 9, 2001**