



**WEST CLERMONT LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**WEST CLERMONT LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

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**REPORT OF INDEPENDENT ACCOUNTANTS**

West Clermont Local School District  
Clermont County  
4578 East Tech Drive, Suite 101  
Cincinnati, Ohio 45245

To the Board of Education:

We have audited the accompanying general purpose financial statements of the West Clermont Local School District, Clermont County, Ohio (the District), as of and for the year ended June 30, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 West Clermont Local School District, Clermont County, Ohio, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2002, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the Government, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

March 5, 2002

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West Clermont Local School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
Equity in Pooled Cash and Investments	\$11,549,262	\$970,984	\$744,522	\$1,827,310
Restricted Equity in Pooled Cash and Investments	233,129	0	0	0
<b>Receivables:</b>				
Taxes	26,130,074	0	1,499,161	0
Intergovernmental	0	134,160	0	0
Accounts	23,725	0	0	0
Interfund Receivable	194,241	0	0	0
Inventory	0	0	0	0
<b>Fixed Assets ( Net, where applicable, of Accumulated Depreciation)</b>				
	0	0	0	0
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
<b>Total Assets &amp; Other Debits</b>	<b>\$38,130,431</b>	<b>\$1,105,144</b>	<b>\$2,243,683</b>	<b>\$1,827,310</b>
<b>Liabilities, Fund Equity &amp; Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$179,695	\$27,471	\$0	\$1,355
Accrued Wages & Benefits	5,047,664	189,304	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	7,222	173,000	0
Deferred Revenue	21,897,274	108,959	1,251,561	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Notes Payable	0	0	1,100,000	0
<b>Total Liabilities</b>	<b>27,124,633</b>	<b>332,956</b>	<b>2,524,561</b>	<b>1,355</b>
<b>Fund Equity &amp; Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
<b>Retained Earnings:</b>				
Unreserved	0	0	0	0
<b>Fund Balance:</b>				
Reserved for Encumbrances	725,638	223,322	0	18,168
Reserved for Property Tax Advances	4,232,800	0	247,600	0
Reserved for Budgetary Stabilization	233,129	0	0	0
Unreserved & Undesignated	5,814,231	548,866	(528,478)	1,807,787
<b>Total Fund Equity (Deficit) &amp; Other Credits</b>	<b>11,005,798</b>	<b>772,188</b>	<b>(280,878)</b>	<b>1,825,955</b>
<b>Total Liabilities, Fund Equity &amp; Other Credits</b>	<b>\$38,130,431</b>	<b>\$1,105,144</b>	<b>\$2,243,683</b>	<b>\$1,827,310</b>

See accompanying notes.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$520,089	\$137,309	\$0	\$0	\$15,749,476
0	0	0	0	233,129
0	0	0	0	27,629,235
45,125	0	0	0	179,285
0	0	0	0	23,725
0	0	0	0	194,241
35,130	0	0	0	35,130
68,254	0	58,788,149	0	58,856,403
0	0	0	(280,878)	(280,878)
0	0	0	14,578,733	14,578,733
<u>\$668,598</u>	<u>\$137,309</u>	<u>\$58,788,149</u>	<u>\$14,297,855</u>	<u>\$117,198,479</u>
\$2,199	\$2,357	\$0	\$0	\$213,077
137,656	0	0	230,687	5,605,311
25,898	0	0	587,168	613,066
0	14,019	0	0	194,241
26,467	0	0	0	23,284,261
0	116,568	0	0	116,568
0	0	0	13,480,000	13,480,000
0	0	0	0	1,100,000
<u>192,220</u>	<u>132,944</u>	<u>0</u>	<u>14,297,855</u>	<u>44,606,524</u>
0	0	58,788,149	0	58,788,149
476,378	0	0	0	476,378
0	0	0	0	967,128
0	0	0	0	4,480,400
0	0	0	0	233,129
0	4,365	0	0	7,646,771
<u>476,378</u>	<u>4,365</u>	<u>58,788,149</u>	<u>0</u>	<u>72,591,955</u>
<u>\$668,598</u>	<u>\$137,309</u>	<u>\$58,788,149</u>	<u>\$14,297,855</u>	<u>\$117,198,479</u>

West Clermont Local School District  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 All Governmental Fund Types and Expendable Trust Funds  
 For the Year Ended June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues:</b>				
Taxes	\$25,922,763	\$0	\$1,464,603	\$0
Intergovernmental	23,677,678	2,358,098	\$176,759	19,000
Investment	1,164,322	3,437	0	27,835
Tuition & Fees	134,819	21,562	0	0
Extracurricular Activities	0	509,007	0	0
Miscellaneous	545,106	235,422	0	0
<b>Total Revenues</b>	<b>51,444,688</b>	<b>3,127,526</b>	<b>1,641,362</b>	<b>46,835</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	27,261,503	945,192	0	248,033
Special	5,373,252	526,082	0	0
Vocational	151,507	0	0	0
<b>Support Services:</b>				
Pupils	2,869,193	460,169	0	0
Instructional Staff	1,513,900	811,897	0	0
Board of Education	46,113	0	0	0
Administration	3,555,117	16,824	0	0
Fiscal	1,062,889	0	25,721	0
Business	42,192	0	0	0
Operation & Maintenance of Plant	4,509,315	10,168	0	0
Pupil Transportation	3,821,407	0	0	0
Central	116,036	0	0	0
Operation of Non-Instructional Services	3,786	4,018	0	0
Extracurricular Activities	577,765	335,564	0	0
Capital Outlay	1,237,351	0	0	219,624
<b>Debt Service:</b>				
Principal Retirement	0	0	410,000	0
Interest & Fiscal Charges	0	0	896,813	0
<b>Total Expenditures</b>	<b>52,141,326</b>	<b>3,109,914</b>	<b>1,332,534</b>	<b>467,657</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(696,638)</b>	<b>17,612</b>	<b>308,828</b>	<b>(420,822)</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets	490	0	0	0
Operating Transfers In	24,000	29,036	0	0
Operating Transfers Out	(46,036)	(3,000)	0	(4,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(21,546)</b>	<b>26,036</b>	<b>0</b>	<b>(4,000)</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing Uses</b>	<b>(718,184)</b>	<b>43,648</b>	<b>308,828</b>	<b>(424,822)</b>
<b>Fund Balance, Beginning of Year</b>	<b>11,723,982</b>	<b>728,540</b>	<b>(589,706)</b>	<b>2,250,777</b>
<b>Fund Balance, End of Year</b>	<b>\$11,005,798</b>	<b>\$772,188</b>	<b>(\$280,878)</b>	<b>\$1,825,955</b>

See accompanying notes.

Fiduciary Fund Type	Totals (Memorandum Only)
Expendable Trust	
\$0	\$27,387,366
0	26,231,535
39	1,195,633
0	156,381
0	509,007
0	780,528
<u>39</u>	<u>56,260,450</u>
0	28,454,728
0	5,899,334
0	151,507
0	3,329,362
0	2,325,797
0	46,113
0	3,571,941
0	1,088,610
0	42,192
0	4,519,483
0	3,821,407
0	116,036
0	7,804
0	913,329
0	1,456,975
0	410,000
0	896,813
<u>0</u>	<u>57,051,431</u>
<u>39</u>	<u>(790,981)</u>
0	490
0	53,036
0	(53,036)
<u>0</u>	<u>490</u>
39	(790,491)
<u>4,326</u>	<u>14,117,919</u>
<u>\$4,365</u>	<u>\$13,327,428</u>

West Clermont Local School District  
 Combined Statement of Revenues, Expenditures  
 And Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 All Governmental Fund Types  
 For the Year Ended June 30, 2001

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$26,024,269	\$26,123,463	\$99,194	\$0	\$0	\$0
Intergovernmental	23,656,451	23,656,451	0	2,380,165	2,390,938	10,773
Investment	1,129,151	1,129,151	0	3,437	3,437	0
Tuition & Fees	131,761	131,761	0	21,562	21,562	0
Extracurricular Activities	0	0	0	509,007	509,007	0
Miscellaneous	543,426	543,426	0	235,422	235,422	0
<b>Total Revenues</b>	<b>51,485,058</b>	<b>51,584,252</b>	<b>99,194</b>	<b>3,149,593</b>	<b>3,160,366</b>	<b>10,773</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	27,498,367	27,490,022	8,345	1,015,454	1,057,099	(41,645)
Special	5,372,618	5,372,618	0	583,115	583,115	0
Vocational	149,372	149,372	0	0	0	0
<b>Support Services:</b>						
Pupils	2,851,294	2,851,294	0	489,591	489,591	0
Instructional Staff	1,538,088	1,538,088	0	823,759	823,759	0
Board of Education	51,931	51,922	9	0	0	0
Administration	3,711,083	3,711,083	0	19,883	19,883	0
Fiscal	1,064,963	1,064,963	0	0	0	0
Business	42,192	42,192	0	0	0	0
Operation & Maintenance of Plant	4,664,268	4,663,108	1,160	10,168	10,168	0
Pupil Transportation	3,931,013	3,931,013	0	0	0	0
Central	116,730	116,730	0	0	0	0
Operation of Non-Instructional Services	3,786	3,786	0	3,590	3,590	0
Extracurricular Activities	575,647	575,657	(10)	356,727	356,727	0
Capital Outlay	1,571,166	1,571,166	0	0	0	0
<b>Debt Service:</b>						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>53,142,518</b>	<b>53,133,014</b>	<b>9,504</b>	<b>3,302,287</b>	<b>3,343,932</b>	<b>(41,645)</b>
<b>Excess (Deficiency) of Revenues Over Under Expenditures</b>	<b>(1,657,460)</b>	<b>(1,548,762)</b>	<b>108,698</b>	<b>(152,694)</b>	<b>(183,566)</b>	<b>(30,872)</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds of Notes	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	490	490	0	0	0	0
Operating Transfers In	24,000	24,000	0	32,576	32,576	0
Operating Transfers Out	(46,036)	(46,036)	0	(10,658)	(10,658)	0
Advances In	81,778	81,778	0	13,664	13,799	135
Advances Out	(61,056)	(61,056)	0	(48,405)	(48,540)	(135)
<b>Total Other Financing Sources (Uses)</b>	<b>(824)</b>	<b>(824)</b>	<b>0</b>	<b>(12,823)</b>	<b>(12,823)</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures &amp; Other Financing Uses</b>	<b>(1,658,284)</b>	<b>(1,549,586)</b>	<b>108,698</b>	<b>(165,517)</b>	<b>(196,389)</b>	<b>(30,872)</b>
<b>Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)</b>	<b>12,530,960</b>	<b>12,530,960</b>	<b>0</b>	<b>930,484</b>	<b>930,484</b>	<b>0</b>
<b>Fund Balance, End of Year</b>	<b>\$10,872,676</b>	<b>\$10,981,374</b>	<b>\$108,698</b>	<b>\$764,967</b>	<b>\$734,095</b>	<b>(\$30,872)</b>

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$1,497,203	\$1,497,203	\$0	\$17,817	\$26,077	\$8,260	\$27,539,289	\$27,646,743	\$107,454
176,759	176,759	0	19,000	19,000	0	26,232,375	26,243,148	10,773
0	0	0	0	0	0	1,132,588	1,132,588	0
0	0	0	0	0	0	153,323	153,323	0
0	0	0	0	0	0	509,007	509,007	0
0	0	0	0	0	0	778,848	778,848	0
<u>1,673,962</u>	<u>1,673,962</u>	<u>0</u>	<u>36,817</u>	<u>45,077</u>	<u>8,260</u>	<u>56,345,430</u>	<u>56,463,657</u>	<u>118,227</u>
0	0	0	260,033	260,033	0	28,773,854	28,807,154	(33,300)
0	0	0	0	0	0	5,955,733	5,955,733	0
0	0	0	0	0	0	149,372	149,372	0
0	0	0	0	0	0	3,340,885	3,340,885	0
0	0	0	0	0	0	2,361,847	2,361,847	0
0	0	0	0	0	0	51,931	51,922	9
0	0	0	0	0	0	3,730,966	3,730,966	0
25,721	25,721	0	0	0	0	1,090,684	1,090,684	0
0	0	0	0	0	0	42,192	42,192	0
0	0	0	0	0	0	4,674,436	4,673,276	1,160
0	0	0	0	0	0	3,931,013	3,931,013	0
0	0	0	0	0	0	116,730	116,730	0
0	0	0	0	0	0	7,376	7,376	0
0	0	0	0	0	0	932,374	932,384	(10)
0	0	0	225,793	225,793	0	1,796,959	1,796,959	0
<u>1,610,000</u>	<u>1,610,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,610,000</u>	<u>1,610,000</u>	<u>0</u>
<u>896,813</u>	<u>896,813</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>896,813</u>	<u>896,813</u>	<u>0</u>
<u>2,532,534</u>	<u>2,532,534</u>	<u>0</u>	<u>485,826</u>	<u>485,826</u>	<u>0</u>	<u>59,463,165</u>	<u>59,495,306</u>	<u>(32,141)</u>
<u>(858,572)</u>	<u>(858,572)</u>	<u>0</u>	<u>(449,009)</u>	<u>(440,749)</u>	<u>8,260</u>	<u>(3,117,735)</u>	<u>(3,031,649)</u>	<u>86,086</u>
1,100,000	1,100,000	0	0	0	0	1,100,000	1,100,000	0
0	0	0	0	0	0	490	490	0
0	0	0	0	0	0	56,576	56,576	0
0	0	0	(4,000)	(4,000)	0	(60,694)	(60,694)	0
0	0	0	0	0	0	95,442	95,577	135
0	0	0	0	0	0	(109,461)	(109,596)	(135)
<u>1,100,000</u>	<u>1,100,000</u>	<u>0</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>0</u>	<u>1,082,353</u>	<u>1,082,353</u>	<u>0</u>
241,428	241,428	0	(453,009)	(444,749)	8,260	(2,035,382)	(1,949,296)	86,086
<u>503,093</u>	<u>503,093</u>	<u>0</u>	<u>2,252,535</u>	<u>2,252,535</u>	<u>0</u>	<u>16,217,072</u>	<u>16,217,072</u>	<u>0</u>
<u>\$744,521</u>	<u>\$744,521</u>	<u>\$0</u>	<u>\$1,799,526</u>	<u>\$1,807,786</u>	<u>\$8,260</u>	<u>\$14,181,690</u>	<u>\$14,267,776</u>	<u>\$86,086</u>

West Clermont Local School District  
 Combined Statement of Revenues, Expenses  
 And Changes in Retained Earnings  
 Proprietary Fund Type  
 For the Year Ended June 30, 2001

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Revenues:	
Charges for Services	<u>\$1,743,822</u>
Total Operating Revenues	<u>1,743,822</u>
Operating Expenses:	
Salaries	846,725
Fringe Benefits	177,678
Purchased Services	36,183
Materials & Supplies	1,083,496
Depreciation	30,985
Other Operating Expenses	<u>90</u>
Total Operating Expenses	<u>2,175,157</u>
Operating Income (Loss)	<u>(431,335)</u>
Non-Operating Revenues (Expenses):	
Investment Revenue	9,690
Miscellaneous Revenue	2,818
Donated Commodities	117,288
Operating Grants - State & Local	384,935
Operating Grants - Federal	<u>45,125</u>
Total Non-Operating Revenues	<u>559,856</u>
Net Income	128,521
Retained Earnings, Beginning of Year	<u>347,857</u>
Retained Earnings, End of Year	<u><u>\$476,378</u></u>

West Clermont Local School District  
 Combined Statement of Cash Flows  
 Proprietary Fund Type  
 For the Year Ended June 30, 2001

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Charges for Services	\$1,743,822
Cash Payments for Personal Services	(923,817)
Cash Payments for Contract Services	(34,750)
Cash Payments for Supplies & Materials	(965,444)
Cash Payments for Other Expenses	(90)
	<u>(180,279)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	
<b>Cash Flows from Non-Capital Financing Activities:</b>	
Cash Received from Operating Grants	384,935
Cash Received from Investment Earnings	9,690
Other	2,798
	<u>397,423</u>
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Acquisition of Capital Assets	(34,506)
	<u>(34,506)</u>
<b>Net Cash Used for Capital and Related Financing Activities</b>	
Net Increase (Decrease) in Cash and Cash Equivalents	182,638
Cash and Cash Equivalents at Beginning of Year	<u>337,451</u>
Cash and Cash Equivalents at End of Year	<u><u>\$520,089</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>	
Operating Income (Loss)	(\$431,335)
<b>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</b>	
Depreciation	30,985
Donated Commodities Used	117,288
<b>Changes in Assets and Liabilities:</b>	
(Increase) Decrease in Materials & Supplies Inventory	(5,892)
Increase (Decrease) in Accounts Payable	1,379
Increase (Decrease) in Accrued Wages & Benefits	88,130
Increase (Decrease) in Compensated Absences Payable	12,456
Increase (Decrease) in Deferred Revenue	6,710
	<u>6,710</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>(\$180,279)</u></u>

See accompanying notes.

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**WEST CLERMONT LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**1. DESCRIPTION OF THE DISTRICT**

West Clermont Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's twelve instructional/support facilities staffed by 281 non-certified and 523 certificated full time teaching personnel who provide services to students and other community members.

The School District was established in 1967 through the consolidation of Amelia Local School District, Glen Este-Mt. Carmel Local School District, and the Withamsville Tobasco School District and operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District is located in western Clermont County, including portions of Union and Pierce townships. It is the 22nd largest in the state of Ohio (among 612 school districts) in terms of enrollment and the largest in Clermont County. It currently operates 8 elementary schools, 2 middle schools, 2 comprehensive high schools, and 1 administrative building.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the 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 District's significant accounting policies are described below:

**A. Reporting Entity**

The reporting entity is composed of the primary government. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For West Clermont Local School District, this includes general operations, food service, and student related activities of the School District.

Potential component units were reviewed for possible inclusion in the reporting entity. 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

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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 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.

Union Township, Pierce Township, and the Clermont County Public Library are separate bodies politic and corporate. Elected or appointed officials are independent of any District relationships, administer the provisions of each entity's services and act as the taxing authority for these services.

The following activities are included within the reporting entity:

*Parochial Schools* – Within the School District boundaries, St. Bernadette, St. Thomas More, St. Veronica (operated through the Cincinnati Catholic Diocese), Eastern Hills Educational Building and Hamlet Seventh Day Adventist Sacred Heart are operated as private schools. Current State legislation provides funding to these parochial and private schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the School District, as directed by the schools. The activity of these State monies by the School District are reflected in a special revenue fund for financial reporting purposes.

The School District is associated with four organizations; two of which are defined as jointly governed organizations, one as an insurance purchasing pool, and one as a public entity risk pool. These organizations include the Hamilton Clermont Cooperative Association/Unified Purchasing, Great Oaks Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Clermont County Health Trust.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

Governmental Funds - Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except for those accounted for in the Proprietary Fund type and the Fiduciary Fund type) are accounted for through Governmental Funds. The following are the District's Governmental Funds:

General Fund - Is the general operating fund of the District and it is used to account for all financial resources except those required by law to be accounted for in another fund.

Special Revenue Funds - Are used to account for the proceeds of specific revenue sources (other than major Capital Projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - Is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs; and for the payment of interest on general obligation notes payable, as required by Ohio Law.

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 Funds - Proprietary Funds are used to account for the District's ongoing activities, which are similar to those most often found in the private sector. The following is the District's Proprietary Fund:

Enterprise Funds - Are used to 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 cost (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, (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 - Fiduciary Funds are used for the assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Agency Funds. Agency Funds are custodial in nature (assets equal liabilities).

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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 general nature, the following account groups are used:

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

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, except those accounted for in the Proprietary Fund.

**C. Measurement Focus/Basis of Accounting**

Measurement Focus: Governmental Fund types are accounted for on a spending, or "current financial resources," measurement focus. Governmental Fund types operating statements represent increases and decreases in net current assets. Their reported fund balances are considered a measure of available spendable resources.

Proprietary Fund types are accounted for on a cost of services, or "economic resources," measurement focus. Proprietary Fund type income statement represents increases and decreases in net total assets.

Basis of Accounting - The modified accrual basis of accounting is followed for Governmental and Agency Funds. Under this basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after fiscal year end. Revenue considered susceptible to accrual includes but is not limited to, interest, tuition and state and federal grants. Property taxes measurable but neither available to finance the current fiscal year expenditures, nor intended to finance the current year expenditures are deferred revenue. Expenditures are recognized in the period in which the related fund liability is incurred, except interest on long-term debt which is recorded when due.

Proprietary Funds are accounted for on the accrual basis of accounting. Revenue is recognized in the period earned and expenses are recognized in the period incurred.

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

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported 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 governmental funds.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**D. Budgetary Data**

Budgetary Basis of Accounting - The District's budgetary process accounts for certain transactions on a basis other than GAAP. The major difference between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

2. Expenditures are recorded when encumbered, or paid in cash (budget), as opposed to when susceptible to accrual (GAAP).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than 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 actual results of operations, compared to the final appropriation, for each fund type by expenditure function and revenue by source are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (non-GAAP Budgetary Basis). The reserve for encumbrances is carried forward as part of the budgetary authority for the next year and is included in the revised budget amounts shown in the budget to actual comparisons. The District is required by state statute to adopt an annual appropriated budget for all Governmental Fund types. The specific timetable is as follows:

1. Prior to January 15 of the preceding fiscal year, the Treasurer submits 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 expressed purpose of this budget document is to reflect the need for existing or increased tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for tax rate determination.
3. 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 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 a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate.

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which are legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Resolution appropriations 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.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriation amounts. All supplemental appropriations were legally enacted by the Board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**E. Encumbrances**

Encumbrance accounting is utilized by District funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund types, encumbrances outstanding at fiscal year end appear on the combined balance sheet as a reserve of the fund balance on a GAAP Basis and for all funds as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance.

**F. Cash and Investments**

Cash received by the District is deposited in a cash and investment pool used by all funds. Monies for all funds are maintained in these accounts or are temporarily used to purchase short-term cash equivalent investments. Under existing Ohio statutes, all investment earnings accrue to the General Fund except those specifically related to Agency Funds, certain Trust Funds, and those funds individually authorized by Board resolution. During the current fiscal year, investments were limited to U.S. Government Obligations, Commercial Paper, Money Market Accounts and STAROhio.

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

For purposes of the Statement of Cash Flows (GASB Statement No. 9) all highly liquid investments with a maturity of three months or less when acquired, are considered to be cash equivalents and are included under the heading "Equity in pooled cash and investments".

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. 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, 2000.

Restricted cash in the general fund represents cash and cash equivalents set aside to establish a budget stabilization reserve. A fund balance reserve has also been established.

**G. Inventory (Materials and Supplies)**

Inventories of the Enterprise Funds are valued at lower of cost (first-in, first-out method) or market and are determined by physical count. Inventories of Proprietary Funds consist of donated food, purchased food and school supplies held for resale and are expended when used.

**H. Fixed Assets and Depreciation**

1. General Fixed Assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than 5 years.
2. Proprietary Funds - Equipment reflected in the Proprietary Funds is stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

Building	30 - 50 years
Equipment	05 - 20 years
Building Improvements	10 - 40 years

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**I. Compensated Absences**

GASB Statement No. 16 specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's right to receive compensation is attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

For Governmental Funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the respective Governmental Fund. Amounts that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Obligations Account Group. Compensated absences of Proprietary Funds are recorded as an expense and liability of the respective Proprietary Fund.

**J. Interfund Transactions**

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.
2. Reimbursements from one fund to another fund are treated as expenditures/expenses in the reimbursing fund and as a reduction in expenditures/expenses in the reimbursed fund.
3. Interfund loans are reflected as short-term interfund loans payable/receivable.

**K. Long-Term Obligations**

Long-term debt is recognized as a liability of a Governmental Fund when due, or when resources have been accumulated in the Debt Service Fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available resources is reported as a fund liability of a Governmental Fund. The remaining portion of such obligations is reported in the General Long-Term Obligation Account Group.

Long-term liabilities expected to be financed from Proprietary Fund operations are accounted for in those funds.

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**L. Fund Equity**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, property tax advances, and set aside for a budget stabilization reserve. 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. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within specific purpose of those funds.

**M. Memorandum Only - Total Columns**

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

**N. Proprietary Fund Accounting**

In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", the District applies all GASB pronouncements and all FASB Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

**3. EQUITY IN POOLED CASH AND INVESTMENT**

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments". State Statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies that are required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

Inactive Monies - Those monies not required for use within the current two-year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Interim Monies - 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 moneys deposited with the institution.

State legislation permits interim monies to 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;
4. Bonds 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) of this section 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 (STAR Ohio);

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate 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 specific obligation or debt of the 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end the carrying amount of the District's deposits was \$657,127. The bank balance of deposits was \$1,056,945 and of the bank balance, \$200,000 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized as defined by GASB. Although the securities were held by the pledging financial institutions' trust department in the District's name and all statutory requirements for the investment of the money had been followed, noncompliance with the federal requirements would potentially subject the money held in the District's name to a successful claim by the FDIC.

Cash on Hand: At year-end, the School District had \$150 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 District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end.

CATEGORY 1 includes investments that are insured, registered, or held by the District or its agent in the District's name.

CATEGORY 2 includes uninsured and unregistered investments held by the counterparty's trust department or agent in the District's name.

CATEGORY 3 includes uninsured and unregistered investments held by the counterparty, or by its department or agent, but not in the District's name.

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
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(Continued)**

Based on the above criteria, the District's investments at year-end are classified as follows:

<u>INVESTMENTS</u>	<u>RISK CATEGORY</u>	<u>CARRYING VALUE/ FAIR VALUE</u>
Money Market	Category 3	\$ 171,905
(1) State Treasury Pool (Star Ohio)	N/A	2,291,536
U.S. Treasury Bonds	Category 3	12,569,188
Commercial Paper	Category 3	<u>292,699</u>
		<u>\$15,325,328</u>

(1) The District's investment in the State Treasury Pool is not categorized by risk because it is not evidenced by securities that exist in physical or book entry form.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

**4. PROPERTY TAXES**

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 2001 were based, are as follows:

Tangible Personal	\$138,588,730
Public Utility and Real Estate	<u>912,449,490</u>
Total Assessed Property Value	<u>\$1,051,038,220</u>

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment was due by January 20. If paid semi-annually, the first payment (at least one-half of amount billed) was due January 20, with the remainder due on June 20.

The County Auditor remits portions of the taxes collected with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal Property Taxes in June and October to all taxing districts.

The District receives property taxes from the County Auditor. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001 are available to finance current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of the current year-end. 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 year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

**5. FIXED ASSETS**

A summary of the General Fixed Assets Account Group at year-end follows:

<u>Class</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land & Land Improvements	\$ 1,930,893	\$ 0	\$ 0	\$ 1,930,893
Building & Building Improvements	46,076,129	0	0	46,076,129
Equipment	<u>10,347,517</u>	<u>433,610</u>	<u>0</u>	<u>10,781,127</u>
Totals	<u>\$58,354,539</u>	<u>\$433,610</u>	<u>\$ 0</u>	<u>\$58,788,149</u>

A summary of the Proprietary Fund fixed assets at year-end follows:

Equipment	\$1,278,019
Less Accumulated Depreciation	<u>(1,209,765)</u>
Net Fixed Assets	<u>\$ 68,254</u>

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**6. SHORT TERM OBLIGATIONS**

A summary of the short term note transactions for the year ended June 30, 2001 are as follows:

<u>Fund Type</u>	<u>Balance July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2001</u>
Debt Service	\$1,200,000	\$1,100,000	\$1,200,000	\$1,100,000

*Energy Conservation Loan*

In 1996 West Clermont Local School District issued \$1,600,000 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 ten years with a final maturity in 2006. The debt will be repaid with property taxes, and the debt will be retired from the debt service fund.

**7. CHANGES IN THE GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP**

During the year-ended June 30, 2001, the following changes occurred in the General Long-Term Obligations Account Group:

	<u>Balance Beginning of Year</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance End of Year</u>
General Obligation Bonds	\$13,890,000	\$ 0	(\$410,000)	\$13,480,000
Compensated Absences	238,965	348,203	0	587,168
Accrued Wages and Benefits	<u>252,919</u>	<u>0</u>	<u>(22,232)</u>	<u>230,687</u>
<b>TOTAL</b>	<u><b>\$14,381,884</b></u>	<u><b>\$348,203</b></u>	<u><b>(\$432,232)</b></u>	<u><b>\$14,297,855</b></u>

**8. LONG-TERM DEBT**

All current obligation bonds and notes outstanding, issued to provide funds for the acquisition of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligation Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund.

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

A. The following is a description of the District's debt outstanding as of year-end:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 7/1/00</u>	<u>Issued 2001</u>	<u>Retired 2001</u>	<u>Balance 6/30/01</u>
School Improvement Bonds	6.035%	05/01/95	12/01/18	\$11,790,000	0	\$310,000	\$11,480,000
School Improvement Bonds	6.690%	06/01/95	12/01/20	<u>2,100,000</u>	<u>0</u>	<u>100,000</u>	<u>2,000,000</u>
<b>TOTAL</b>				<u>\$13,890,000</u>	<u>\$ 0</u>	<u>\$410,000</u>	<u>\$13,480,000</u>

B. The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds and notes:

<u>Year-ending June 30</u>	<u>General Obligation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2002	430,000	814,395
2003	455,000	790,771
2004	480,000	765,505
2005	505,000	738,546
2006	535,000	709,709
Thereafter	<u>11,075,000</u>	<u>5,183,993</u>
<b>Total</b>	<u>\$13,480,000</u>	<u>\$9,002,919</u>

**9. SEGMENT INFORMATION**

Enterprise Funds - The District maintains two Enterprise Funds to account for the operations of Food Service and Uniform School Supply. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the current year-end.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Fund</u>
Operating Revenue	\$1,423,330	\$320,492	\$1,743,822
Operating Expenses Before Depreciation	1,856,551	287,621	2,144,172
Depreciation	30,985	0	30,985
Operating Income (Loss)	(464,206)	32,871	(431,335)

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
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(Continued)**

Operating Grants	430,060	0	430,060
Donated Commodities	117,288	0	117,288
Investment Revenue	9,690	0	9,690
Net Income (Loss)	95,650	32,871	128,521
Net Working Capital	282,249	125,875	408,124
Total Assets	562,332	126,266	688,598
Total Liability	191,829	391	192,220
Total Equity	350,503	125,875	476,378

**10. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That 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% of their annual covered salary and the District is required to contribute 14%. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 2001, 2000, and 1999 were \$828,036, \$957,420 and \$736,176 respectively. \$399,132 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and is expected to be paid from current available financial resources.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 2001, 2000 and 1999 were \$3,532,272, \$3,572,904, and \$3,377,316, respectively, equal to the required contributions for each year. \$578,844 represents the unpaid contribution for fiscal year 2001, and is recorded as a liability within the respective funds and is expected to be paid from current available financial resources.

**C. Post Employment 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-certificated 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 System based on authority granted by State statute. Both Systems are funded on a pay-as-you go basis.

The State Teacher Retirement 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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Retirement Board allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. The Health Care Reserve Allocation for the year ended June 30, 2001 will be 4.5% of covered payroll.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3.419 billion at June 30, 2000. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, 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.

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll, an increase from 6.30 percent for fiscal year 2000. 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 the fiscal year 2000, the minimum pay has been established at \$12,400. 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 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**11. BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations and changes in fund balance 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 and disbursements. A reconciliation of the nature and amounts of the adjustments necessary to convert the GAAP financial statements to the budgetary basis follows:

**Reconciliation of Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing  
Uses From GAAP Basis to Budgetary Basis:**

<u>Governmental Fund Types</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
GAAP Basis	(\$718,184)	\$43,648	\$308,828	(\$424,822)
Net Adjustment for Revenue Accruals	221,342	50,179	1,132,600	(1,758)
Net Adjustment for Expenditure Accruals	(251,726)	(53,333)	(1,200,000)	1,354
Net Adjustment for Encumbrances	<u>(801,018)</u>	<u>(236,883)</u>	<u>0</u>	<u>(19,523)</u>
Budgetary Basis	<u>(\$1,549,586)</u>	<u>(\$196,389)</u>	<u>\$241,428</u>	<u>(\$444,749)</u>

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**12. COMPLIANCE AND ACCOUNTABILITY**

State statute requires all funds to have expenditures and encumbrances within approved appropriation limits. All funds of the District had expenditures and encumbrances within the approved appropriations.

Fund Deficits:

Fund balances at June 30, 2001, included the following individual fund deficits:

Debt Service Fund

Bond Retirement	\$280,878
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The deficit in the debt service fund is due to adjustments for accrued liabilities. The general fund is liable for any deficit and provides operating transfers when cash is required, not when accruals occur.

**13. CONTINGENT LIABILITIES**

Grants - The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement 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. Management is unable to estimate possible claims resulting from such audits until the audits have been completed. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District.

**14. JOINTLY GOVERNED ORGANIZATIONS**

*The Hamilton Clermont Cooperative Association/Unified Purchasing Association*

The Hamilton Clermont Cooperative Association/Unified Purchasing Association is a jointly governed organization among a two county consortium of school districts. The Unified Purchasing Cooperative was organized under the Hamilton Clermont Cooperative Association to benefit member districts with a more economically sound purchasing mechanism for general school, office and cafeteria supplies. The Unified Purchasing Cooperative organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments. Complete financial statements for H/CCA can be obtained from their administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

*The Great Oaks Joint Vocational School District*

The Great Oaks Joint Vocational School District, 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 district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks Joint Vocational School was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the West Clermont Local School District. The School District has no ongoing financial interest in, nor responsibility for the Joint Vocational School. To obtain financial information, write to the Great Oaks Joint Vocational School, John Wahle, treasure, at 3254 East Kemper Rd. Cincinnati, Ohio 45241-1545.

**15. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft, damage to or destruction of assets, errors and omissions, employee injuries, and natural disasters. The District addresses these risks by maintaining a comprehensive risk management program through the purchase of various types of liability, inland marine, and property insurance from private carriers. Settled claims have not exceeded commercial coverage in any of the past three years.

A summary of significant coverage follows:

Building Contents-replacement cost (2,500 deductible)	\$81,944,251
Inland Marine Coverage (\$0 deductible)	250,000
Boiler and Machinery (\$1,000 deductible)	13,800,000
Automobile Liability (\$2,500 deductible)	2,000,000
Earthquake & Flood (5%of total claim)	81,994,251
General Liability Per Occurrence	1,000,000
Total Per Year (Aggregate)	3,000,000
Umbrella Policy	4,000,000
Employee Benefit Liability Total Per Year (Aggregate)	500,000

Ohio School Boards Association Worker's Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (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 OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program. The intent of the GRP is to achieve the benefit of a reduced premium for the School District

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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

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.

**16. INSURANCE PURCHASING POOL**

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 program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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 member's 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, McElroy Minister, which in turn buys the insurance policies from various insurance companies. Upon termination, the School District shall be responsible for prompt payment of all plan liabilities accruing as a result of such termination and maintain no right to any assets of the Trust. The School District may terminate participation in the Trust for the benefit if 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 the Clermont County Health Trust at P.O. Box 526 Middletown, Ohio 45042.

**17. UNCERTAINTIES**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of March 5, 2002 the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may reexamine and redetermine any issue upon such reconsideration.

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

**18. LITIGATION**

All potential claims against the District, from current litigation, are covered by insurance. As of the current year-end, the District had no pending litigation or potential liability that would have a material effect on the financial statements.

**19. STATUTORY 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. 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.

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Totals</u>
Set-aside Cash Balance as of July 1, 2000	\$89,722	\$ 0	\$743,713	\$833,435
Current Year Set-aside Requirement	1,215,790	1,215,790	0	2,431,580
Current Year Offsets	0	0	0	0
Reduction Due to New Legislation	0	0	(510,584)	(510,584)
Qualifying Disbursements	<u>(1,305,512)</u>	<u>(1,215,790)</u>	<u>0</u>	<u>(2,521,302)</u>
Set-aside Cash Balance as of June 30, 2001	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 233,129</u>	<u>\$ 233,129</u>

Senate Bill 345 Eliminated the Budget Stabilization Reserve. The Board of Education decided to make additional contributions to the Reserve during fiscal year 2001 from unrestricted General Fund monies. The current year set-aside requirement for the Reserve is from a Bureau of Workers' Compensation refund received prior to April 10, 2001.

Qualifying disbursements for textbooks and instructional materials during the year exceeded the required set-aside and the reserve balance.

**20. CHANGES IN ACCOUNTING PRINCIPLES**

Changes in Accounting Principles

For fiscal year 2001 the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions". At June 30, 2000, there was no effect on fund balance as a result of implementing GASB 33.

**21. PRIOR PERIOD ADJUSTMENT**

The beginning compensated absences balance of the general long-term debt account group and the beginning retained earnings balance of the food service enterprise fund have been adjusted for corrections to the compensated absences detail as follows:

	<u>Enterprise Fund</u>	<u>General Long-Term Debt Account Group</u>
Balance		
Previously stated, June 30, 2000	\$146,227	\$3,233,640
Prior Period Adjustment	<u>201,630</u>	<u>(2,994,675)</u>
As Restated, July 1, 2000	<u>\$347,857</u>	<u>\$238,965</u>

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
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**NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

The beginning fund balances of the general fund and special revenue fund has been adjusted for corrections to cash as follows:

	General <u>Fund</u>	Special Revenue <u>Fund</u>
Balance Previously stated, June 30, 2000	\$11,755,280	\$ 697,242
Prior Period Adjustment	<u>(31,298)</u>	<u>31,298</u>
As Restated, July 1, 2000	<u>\$11,723,982</u>	<u>\$ 728,540</u>

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**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$124,664	\$0	\$117,288
School Breakfast Program	05-PU	10.553	13,959	0	13,959	0
National School Lunch Program	03-PU-00	10.555	349,935	0	349,935	0
Special Milk Program for Children	02-PU-01	10.556	2,851	0	2,851	0
Total U.S. Department of Agriculture - Nutrition Cluster			<u>\$366,745</u>	<u>\$124,664</u>	<u>\$366,745</u>	<u>\$117,288</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)						
	6B-SF-00	84.027	\$50,220	0	\$168,835	0
	6B-SF-01	84.027	476,982	0	402,892	0
			<u>527,202</u>	<u>0</u>	<u>571,727</u>	<u>0</u>
Special Education - Preschool Grant	PG-S1-00	84.173	32,045	0	28,304	0
	PG-S1-01	84.173	0	0	0	0
			<u>32,045</u>	<u>0</u>	<u>28,304</u>	<u>0</u>
Total Special Education Cluster			<u>\$559,247</u>	<u>\$0</u>	<u>\$600,031</u>	<u>\$0</u>
Grants to Local Educational Agencies (ESEA Title I)	CS-S1-00	84.010	0	0	49,138	0
	CS-S1-01	84.010	452,892	0	418,485	0
			<u>452,892</u>	<u>0</u>	<u>467,623</u>	<u>0</u>
Emergency Immigration Act	E1-S1	84.162	1,300	0	1,300	0
Drug-Free Schools Grant	DR-S1-00	84.186	16,347	0	18,922	0
	DR-S1-01	84.186	35,678	0	27,397	0
			<u>52,025</u>	<u>0</u>	<u>46,319</u>	<u>0</u>
Goals 2000 State and Local Education Systemic Improvement	G2-S2-00	84.276	0	0	8,328	0
	G2-S2-01	84.276	9,144	0	9,144	0
			<u>9,144</u>	<u>0</u>	<u>17,472</u>	<u>0</u>
Eisenhower Professional Development Grant	MS-S1-00	84.281	12,842	0	9,974	0
	MS-S1-01	84.281	12,275	0	24,272	0
			<u>25,117</u>	<u>0</u>	<u>34,246</u>	<u>0</u>
Innovative Educational Program Strategies	C2-S1-99	84.298	25,988	0	10,792	0
	C2-S1-00	84.298	35,407	0	568	0
	C2-S1-01	84.298	8,925	0	34,974	0
			<u>70,320</u>	<u>0</u>	<u>46,334</u>	<u>0</u>
Technology Literacy Challenge Fund Grants	TF-S1-01	84.318	0	0	25,000	0
Class Size Reduction	CR-S1-00	84.340	91,297	0	130,425	0
	CR-S1-01	84.340	137,540	0	119,459	0
			<u>228,837</u>	<u>0</u>	<u>249,884</u>	<u>0</u>
<i>Passed Through The Great Oaks Institute of Technology and Career Development:</i>						
Vocational Basic Grants to States	00	84.048	0	0	1,797	0
Perkins Grant	01	84.048	18,954	0	10,606	0
			<u>18,954</u>	<u>0</u>	<u>12,403</u>	<u>0</u>
Total Department of Education			<u>\$1,417,836</u>	<u>\$0</u>	<u>\$1,500,612</u>	<u>\$0</u>
<b>Total Federal Assistance</b>			<u><b>\$1,784,581</b></u>	<u><b>\$124,664</b></u>	<u><b>\$1,867,357</b></u>	<u><b>\$117,288</b></u>

The accompanying notes to this schedule are an integral part of this schedule.

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Federal cash receipts are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

West Clermont Local School District  
Clermont County  
4578 East Tech Drive, Suite 101  
Cincinnati, Ohio 45245

To the Board of Education:

We have audited the financial statements of the West Clermont Local School District, Clermont County, Ohio (the District), as of and for the year ended June 30, 2001, and have issued our report thereon dated March 5, 2002, in which we noted the District adopted Governmental Accounting Standards Board (GASB) Statement number 33. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 the management of the District in a separate letter dated March 5, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the 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 the management of the District in a separate letter dated March 5, 2002.

West Clermont 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, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 5, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

West Clermont Local School District  
Clermont County  
4578 East Tech Drive, Suite 101  
Cincinnati, Ohio 45245

To the Board of Education:

**Compliance**

We have audited the compliance of the West Clermont Local School District, Clermont County, Ohio (the District), with the type of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on the major federal programs. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

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

**Jim Petro**  
Auditor of State

March 5, 2002

**WEST CLERMONT LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I: CFDA# 84.010 Class Size Reduction: CFDA# 84.340
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**WEST CLERMONT 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, 2002**