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**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY
Regular Audit
For the Fiscal Year Ended June 30, 2017**

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Dave Yost • Auditor of State

Board of Education
Williamsburg Local School District
549-A West Main Street
Williamsburg, Ohio 45176

We have reviewed the *Independent Auditor's Report* of the Williamsburg Local School District, Clermont County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2016 through June 30, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 2, 2018

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**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

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INDEPENDENT AUDITOR'S REPORT

December 27, 2017

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **Williamsburg Local School District**, Clermont County, Ohio (the School District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Williamsburg Local School District, Clermont County, Ohio, as of June 30, 2017, and the respective changes in financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2017, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Perry and Associates

Certified Public Accountants, A.C.
Marietta, Ohio

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

As management of the Williamsburg Local School District (the School District), we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at June 30, 2017 by \$1,726,080.
- The School District's net position increased \$2,952,858 during this fiscal year's operations.
- General revenues accounted for \$9,546,015 or 62 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$5,971,761 or 38 percent of total revenues of \$15,517,776.
- The School District had \$12,564,918 in expenses related to governmental activities; only \$5,971,761 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest.

Using the Basic Financial Statements

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

The statement of net position and the statement of activities provide information about the activities of the School District as a whole, and present a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the School District's major funds, with all other nonmajor funds presented in total in one column. The major funds for the School District are the general fund and the permanent improvement fund.

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2017?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 7. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds.

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

Fiduciary Funds - The School District's fiduciary funds consist of an agency fund and a private purpose trust fund. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for the fiscal years ending June 30, 2017 and 2016:

(Table 1)
 Net Position
 Governmental Activities

	2017	2016
Assets		
Current and Other Assets	\$10,044,953	\$7,402,618
Capital Assets, Net	10,006,856	9,980,494
Total Assets	20,051,809	17,383,112
Deferred Outflows	3,104,522	1,534,900
Liabilities		
Current and Other Liabilities	937,331	957,403
Long-Term Liabilities	17,525,308	15,166,657
Total Liabilities	18,462,639	16,124,060
Deferred Inflows	2,967,612	4,020,730

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

(Table 1)
Net Position
Governmental Activities
(continued)

	2017	2016
Net Position		
Net Investment in Capital Assets	\$9,026,808	\$8,622,909
Restricted	3,907,410	1,185,759
Unrestricted (Deficit)	(11,208,138)	(11,035,446)
Total Net Position	\$1,726,080	(\$1,226,778)

Current and other assets increased between years, due primarily to an increase in cash and cash equivalents due to a large donation received for the stadium project that was not fully spent by fiscal year end. Capital assets, net increased between years, due to additions in excess of depreciation expense and disposals. Deferred outflows increased between years, related to the change in proportionate share of the state-wide net pension liability. Current and other liabilities remained relatively consistent between years. Long-term liabilities increased between years, due primarily to an increase in the net pension liability estimate which was partially offset by principal retirements. Deferred inflows decreased between years, related to the change in proportionate share of the state-wide net pension liability.

Table 2 shows the highlights of the School District's revenues and expenses. These two main components are subtracted to yield the change in net position. This table uses the full accrual method of accounting.

Revenue is divided into two major components: Program revenues and general revenues. Program revenues are defined as charges for services and sales and restricted operating grants, capital grants, contributions, and interest. General revenues include taxes and unrestricted grants, such as State foundation support, gifts and donations, investment earnings, and miscellaneous.

(Table 2)
Change in Net Position
Governmental Activities

	2017	2016
Revenues		
Program Revenues		
Charges for Services and Sales	\$1,698,017	\$1,536,133
Operating Grants, Contributions, and Interest	1,328,744	1,560,779
Capital Grants, Contributions, and Interest	2,945,000	200,000
Total Program Revenues	5,971,761	3,296,912
General Revenues		
Property Taxes	3,829,446	3,694,542
Grants and Entitlements not Restricted to Specific Programs	5,250,742	5,023,003
Gifts and Donations not Restricted to Specific Programs	2,500	1,835
Investment Earnings	19,063	23,471
Miscellaneous	444,264	371,580
Total General Revenues	9,546,015	9,114,431
Total Revenues	15,517,776	12,411,343

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

(Table 2)
Change in Net Position
Governmental Activities
(continued)

	2017	2016
Program Expenses		
Instruction		
Regular	\$5,333,170	\$4,915,124
Special	2,618,648	2,533,727
Vocational	103,274	115,544
Support Services		
Pupils	337,323	296,762
Instructional Staff	142,654	53,967
Board of Education	35,992	29,502
Administration	823,558	744,297
Fiscal	400,372	367,039
Operation and Maintenance of Plant	1,257,906	913,604
Pupil Transportation	575,558	615,137
Central	153,682	137,319
Operation of Non-Instructional Services	159,102	544,060
Extracurricular Activities	584,847	490,742
Interest and Fiscal Charges	38,832	50,817
Total Expenses	<u>12,564,918</u>	<u>11,807,641</u>
Change in Net Position	2,952,858	603,702
Net Position at Beginning of Year	<u>(1,226,778)</u>	<u>(1,830,480)</u>
Net Position at Ending of Year	<u>\$1,726,080</u>	<u>(\$1,226,778)</u>

Charges for services and sales and operating grants and contributions remained relatively consistent between years. Capital grants and contributions increased significantly due to a large donation for the stadium project. Property taxes and unrestricted grants and entitlements also remained relatively consistent between years.

Instruction expenses and operation and maintenance of plant support services increased between years due to increases in personnel service costs. Operation of non-instructional services decreased due to the School District transferring its lunchroom operations to another school district.

Governmental Activities

Grants and entitlements not restricted to specific programs made up 34 percent of total revenues for governmental activities of the School District for fiscal year 2017. Property taxes made up 25 percent of total revenues for governmental activities for a total of 59 percent of total revenues coming from property taxes and grants and entitlements not restricted to specific programs. Capital grants and contributions comprised 19 percent of total revenues for governmental activities for fiscal year 2017 due to the receipt of a significant donation for the stadium project.

Instruction comprises 64 percent of governmental program expenses, with regular instruction and special instruction comprising 42 percent and 21 percent, respectively, of program expenses. Support services expenses make up 30 percent of governmental program expenses.

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The statement of activities shows the cost of program services and the charges for services and sales, grants, contributions and interest offsetting those services. In Table 3, the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Net costs are costs that must be covered by unrestricted state aid (state foundation) or local taxes. The difference in these two columns would represent charges for services and sales, restricted grants, donations and restricted interest.

(Table 3)
Governmental Activities

	Total Cost of Services 2017	Net Cost of Services 2017	Total Cost of Services 2016	Net Cost of Services 2016
Instruction	\$8,055,092	\$5,947,129	\$7,564,395	\$5,587,129
Support Services	3,727,045	153,713	3,157,627	2,479,127
Operation of Non-Instructional Services	159,102	45,855	544,060	100,442
Extracurricular Activities	584,847	407,628	490,742	293,214
Interest and Fiscal Charges	38,832	38,832	50,817	50,817
Total Expenses	\$12,564,918	\$6,593,157	\$11,807,641	\$8,510,729

The School District's Funds

Information about the School District's major funds starts on page 13. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$15,524,614 and expenditures of \$12,522,835. The net change in fund balance for the fiscal year was most significant in the general fund, an increase of \$248,082, due to an increase in revenues offsetting the increase in expenditures.

General Fund - Budget Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. During the course of fiscal year 2017, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

The School District's ending unobligated cash balance was \$108,869 above the final budgeted amount in the general fund.

For the general fund, original budgeted revenues and other financing sources were \$10,701,216 and final budgeted revenues and other financing sources were \$10,676,552. This represents a decrease in estimated revenue and other financing sources of \$24,664 due largely to a decrease in expected intergovernmental revenues, which was partially offset by an increase in expected tuition and fees and miscellaneous revenue. The difference between actual budget basis revenues and other financing sources and final budget basis revenues and other financing sources was (\$1,574), which was not a significant difference.

Original budgeted expenditures and other financing uses in the general fund were \$10,116,767 and final budgeted expenditures and other financing uses were \$10,783,552. This represents an increase in estimated expenditures and other financing uses of \$666,785 due largely to increases in estimates for pupil transportation and transfers, which was partially offset by a decrease in estimates for regular instruction. The difference between actual budget basis expenditures and other financing uses and final budgeted expenditures and other financing uses was \$110,443 due mainly to spending less than the budgeted amounts for regular and special instruction and pupils, administration, and operation and maintenance of plant support services.

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

Capital Assets and Debt Administration

Capital Assets

The School District's investment in capital assets as of June 30, 2017 was \$10,006,856. This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal year 2017 balances compared to fiscal year 2016:

(Table 4)
 Capital Assets at June 30
 (Net of Depreciation)
 Governmental Activities

	2017	2016
Land	\$830,100	\$830,100
Construction in Progress	84,546	0
Land Improvements	1,022,573	792,232
Buildings and Improvements	7,409,374	7,668,203
Furniture, Fixtures and Equipment	485,149	480,236
Vehicles	175,114	209,723
Totals	\$10,006,856	\$9,980,494

Net capital assets increased \$26,362 from the prior fiscal year. This was due to capital assets additions exceeding depreciation expense and disposals.

For more information on capital assets, refer to note 7 of the notes to the basic financial statements.

Debt

At June 30, 2017, the School District had \$980,048 in bonds and loans outstanding with \$332,000 due within one year. Table 5 summarizes bonds outstanding:

(Table 5)
 Outstanding Debt at June 30
 Governmental Activities

	2017	2016
General Obligation Bonds		
2008 School Improvement Bonds 3.846%	\$606,000	\$891,000
Premium on Debt Issue	6,135	10,333
Energy Conservation Bonds		
2012 Energy Conservation Bonds 1.150%-2.750%	355,000	385,000
Premium on Debt Issue	12,913	14,238
2007 Energy Conservation Loan 2.61%	0	57,014
Totals	\$980,048	\$1,357,585

The School District's overall legal debt margin was \$11,226,764 with an unvoted debt margin of \$123,937 and an energy conservation debt limit of \$760,432 at June 30, 2017.

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

In June 2008, the School District issued \$2,780,000 in voted general obligation bonds for the purpose of a current refunding of the 1996 School Improvement General Obligation Bonds. In June 2007, the School District issued an energy conservation loan for an energy efficiency project. In March 2012, the School District issued energy conservation bonds for an energy efficiency project.

For more information on debt, refer to note 12 of the notes to the basic financial statements.

School District Challenges for the Future

The Williamsburg Board of Education is committed to maintaining fiscal stewardship. Williamsburg is a small district that typically receives about 50 percent of its general fund revenue as state support. In 2010, the State of Ohio cut public school funding and cut tangible personal property reimbursements to schools in order to balance their budget during the recession. Williamsburg saw revenue drop by 12% and revenues stayed low until the 14/15 biennial budget increased state revenues somewhat. The School District made cuts to balance the budget during those lean years, including cuts to staffing. Finally, in the 16/17 biennial budget, Williamsburg Schools saw significant funding increases from the state as they introduced capacity aid, a new state formula line item dedicated to small rural districts with low property values. In the new 18/19 biennial budget, the state has applied a 3% cap to all state funding revenue growth! In addition, capacity aid is now figured inside the 3% cap! So now our state revenues are restricted to artificially low amounts, amounts lower than even the state says we need to educate our students!

As a small district, it is always a challenge to attract and retain highly qualified staff. We must be dedicated to keeping our salaries competitive yet remain balanced financially. Health insurance is another concern as rates continue to increase for many reasons. The School District is a member of Clermont County Insurance Consortium (CCIC) and it provides all insurance products for our staff. CCIC has voted to join EPC, another insurance consortium, and will be operating as a consortium within a consortium. It is CCIC's hope that being part of a much larger consortium will stabilize our insurance premium rates and provide security to protect the value of our insurance products.

The School District also struggles to control special education costs. It has been our plan to hire additional staff to provide a more targeted education to our special education students. At the same time, we will be reducing special education contracted costs.

In addition, the State of Ohio continues to support "School Choice" and funds those choices via deductions from public schools. Currently, Williamsburg loses almost \$210,000 per year to charter schools and over \$80,000 to scholarship costs thanks to the "School Choice" movement.

Despite this, Williamsburg continues to stay within budget and the new October 2017 five-year forecast is balanced for the current year and current biennial budget period. The following three years of the forecast we expect to spend into our carryover, in excess of the planned renewal emergency levy.

Williamsburg Schools could be seeing some industrial growth in real estate at the South Afton complex. We expect, at this time, that the property will be exempt due to abatements and TIFs. Any payment in lieu of tax will be welcome. We are seeing some recovery in real estate as our TY2017 valuation is expected to increase by 17% for residential and agricultural values! We have not seen double digit increases in property values in over a decade!

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited

The Williamsburg Board of Education and administration remain committed to being fiscally responsible and continue to adjust budgets and look for reductions in costs. The School District has seen savings in the past five years for electric usage from browning out, updating old equipment, and negotiating lower rates with electric suppliers. The School District shares services with Batavia for transportation and Child Focus for preschool. Williamsburg has seen savings in transportation from the shared services and still offers full service bus service. We have been able to increase the preschool students served by working with Child Focus and have reduced our preschool costs.

School District personnel continue to make strides in the area of educating students. The Department of Education continues to change the district report card rating system and Williamsburg's curriculum adjusts accordingly. Teaching and non-teaching staff remain focused on providing a quality education to students, without many of the resources available to larger school districts.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Julie Kamphaus, Treasurer, at Williamsburg Local School District, 549-A West Main Street, Williamsburg, Ohio 45176, or email at kamphaus_ju@burgschools.org.

Williamsburg Local School District
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$6,002,555
Accrued Interest Receivable	1,068
Accounts Receivable	80,287
Intergovernmental Receivable	59,544
Prepaid Items	26,674
Property Taxes Receivable	3,874,825
Capital Assets:	
Nondepreciable Capital Assets	914,646
Depreciable Capital Assets, Net	9,092,210
<i>Total Assets</i>	20,051,809
Deferred Outflows of Resources	
Deferred Charge on Refunding Pension	3,939
	3,100,583
<i>Total Deferred Outflows of Resources</i>	3,104,522
Liabilities	
Accounts Payable	22,178
Accrued Wages and Benefits	780,444
Intergovernmental Payable	132,158
Accrued Interest Payable	2,551
Long-Term Liabilities:	
Due Within One Year	462,649
Due in More Than One Year	1,702,549
Net Pension Liability	15,360,110
<i>Total Liabilities</i>	18,462,639
Deferred Inflows of Resources	
Property Taxes Not Levied to Finance Current Year Operations	2,916,214
Pension	51,398
<i>Total Deferred Inflows of Resources</i>	2,967,612
Net Position	
Net Investment in Capital Assets	9,026,808
Restricted For:	
Debt Service	678,439
Capital Outlay	3,142,179
Other Purposes	86,792
Unrestricted (Deficit)	(11,208,138)
<i>Total Net Position</i>	\$1,726,080

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Program Revenues				Net Revenues (Expenses) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	
Governmental Activities					
Instruction					
Regular	\$5,333,170	\$595,513	\$50,956	\$0	(\$4,686,701)
Special	2,618,648	253,373	1,178,680	0	(1,186,595)
Vocational	103,274	12,188	17,253	0	(73,833)
Support Services					
Pupils	337,323	31,823	50,404	0	(255,096)
Instructional Staff	142,654	13,057	17,089	0	(112,508)
Board of Education	35,992	4,028	0	0	(31,964)
Administration	823,558	92,501	0	0	(731,057)
Fiscal	400,372	44,356	0	0	(356,016)
Operation and Maintenance of Plant	1,257,906	296,274	1	2,945,000	1,983,369
Pupil Transportation	575,558	61,034	0	0	(514,524)
Central	153,682	17,765	0	0	(135,917)
Operation of Non-Instructional Services	159,102	112,116	1,131	0	(45,855)
Extracurricular Activities	584,847	163,989	13,230	0	(407,628)
Interest and Fiscal Charges	38,832	0	0	0	(38,832)
<i>Total Governmental Activities</i>	<u>\$12,564,918</u>	<u>\$1,698,017</u>	<u>\$1,328,744</u>	<u>\$2,945,000</u>	<u>(6,593,157)</u>
General Revenues					
Property Taxes Levied for					
General Purposes					3,559,364
Debt Service					221,803
Classroom Facilities Maintenance					48,279
Grants and Entitlements not Restricted to Specific Programs					5,250,742
Gifts and Donations not Restricted to Specific Programs					2,500
Investment Earnings					19,063
Miscellaneous					444,264
<i>Total General Revenues</i>					<u>9,546,015</u>
<i>Change in Net Position</i>					2,952,858
<i>Net Position Beginning of Year</i>					<u>(1,226,778)</u>
<i>Net Position End of Year</i>					<u>\$1,726,080</u>

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$2,106,680	\$3,142,179	\$753,696	\$6,002,555
Accrued Interest Receivable	1,068	0	0	1,068
Accounts Receivable	63,584	0	16,703	80,287
Intergovernmental Receivable	3,508	0	56,036	59,544
Prepaid Items	26,674	0	0	26,674
Property Taxes Receivable	3,540,699	0	334,126	3,874,825
<i>Total Assets</i>	<u>\$5,742,213</u>	<u>\$3,142,179</u>	<u>\$1,160,561</u>	<u>\$10,044,953</u>
Liabilities				
Accounts Payable	\$19,361	\$0	\$2,817	\$22,178
Accrued Wages and Benefits	663,385	0	117,059	780,444
Intergovernmental Payable	106,270	0	25,888	132,158
<i>Total Liabilities</i>	789,016	0	145,764	934,780
Deferred Inflows of Resources				
Property Taxes not Levied to Finance Current Year Operations	2,608,057	0	308,157	2,916,214
Unavailable Revenue:				
Property Taxes	61,816	0	7,061	68,877
Grants	0	0	17,803	17,803
Extracurricular Activities	0	0	200	200
Total Unavailable Revenue	61,816	0	25,064	86,880
<i>Total Deferred Inflows of Resources</i>	2,669,873	0	333,221	3,003,094
Fund Balances				
Nonspendable	26,674	0	0	26,674
Restricted	0	3,142,179	756,582	3,898,761
Committed	50,591	0	0	50,591
Assigned	58,046	0	0	58,046
Unassigned (Deficit)	2,148,013	0	(75,006)	2,073,007
<i>Total Fund Balances</i>	<u>2,283,324</u>	<u>3,142,179</u>	<u>681,576</u>	<u>6,107,079</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$5,742,213</u>	<u>\$3,142,179</u>	<u>\$1,160,561</u>	<u>\$10,044,953</u>

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2017*

Total Governmental Fund Balances		\$6,107,079
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		10,006,856
<p>Some of the School District's revenues will be collected after fiscal year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.</p>		
Property taxes	68,877	
Intergovernmental	17,803	
Extracurricular activities	200	86,880
<p>The net pension liability is not due and payable in the current period. Therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:</p>		
Deferred outflows-pension	3,100,583	
Deferred inflows-pension	(51,398)	
Net pension liability	(15,360,110)	(12,310,925)
<p>In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, as interest expenditure is reported when due.</p>		
		(2,551)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>		
Bonds payable	(961,000)	
Premiums on bonds	(19,048)	
Deferred charge on refunding	3,939	
Compensated absences	(1,185,150)	(2,161,259)
Net Position of Governmental Activities		\$1,726,080

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$3,571,655	\$0	\$270,036	\$3,841,691
Intergovernmental	5,829,062	0	731,855	6,560,917
Interest	23,701	0	67	23,768
Decrease in Fair Market Value	(4,638)	0	0	(4,638)
Tuition and Fees	1,226,003	0	0	1,226,003
Rent	212,097	0	0	212,097
Extracurricular Activities	12,137	0	129,234	141,371
Gifts and Donations	14,214	2,945,000	1,581	2,960,795
Customer Sales and Services	0	0	118,346	118,346
Miscellaneous	435,330	0	8,934	444,264
<i>Total Revenues</i>	11,319,561	2,945,000	1,260,053	15,524,614
Expenditures				
Current				
Instruction				
Regular	4,793,492	0	72,712	4,866,204
Special	1,960,895	0	584,315	2,545,210
Vocational	98,458	0	602	99,060
Support Services				
Pupils	260,934	0	58,025	318,959
Instructional Staff	112,573	0	17,275	129,848
Board of Education	35,992	0	0	35,992
Administration	764,706	0	0	764,706
Fiscal	376,040	0	5,143	381,183
Operation and Maintenance of Plant	1,107,248	1,523	55,261	1,164,032
Pupil Transportation	527,363	0	0	527,363
Central	147,152	0	0	147,152
Operation of Non-Instructional Services	20,926	0	137,290	158,216
Extracurricular Activities	186,631	0	283,454	470,085
Capital Outlay	120,693	371,894	7,587	500,174
Debt Service				
Principal Retirement	87,014	0	285,000	372,014
Interest and Fiscal Charges	11,829	0	30,808	42,637
<i>Total Expenditures</i>	10,611,946	373,417	1,537,472	12,522,835
<i>Excess of Revenues Over (Under) Expenditures</i>	707,615	2,571,583	(277,419)	3,001,779
Other Financing Sources (Uses)				
Transfers In	0	200,000	259,533	459,533
Transfers Out	(459,533)	0	0	(459,533)
<i>Total Other Financing Sources (Uses)</i>	(459,533)	200,000	259,533	0
<i>Net Change in Fund Balances</i>	248,082	2,771,583	(17,886)	3,001,779
<i>Fund Balances Beginning of Year</i>	2,035,242	370,596	699,462	3,105,300
<i>Fund Balances End of Year</i>	\$2,283,324	\$3,142,179	\$681,576	\$6,107,079

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017*

Net Change in Fund Balances - Total Governmental Funds \$3,001,779

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital asset additions	500,174	
Depreciation expense	<u>(471,975)</u>	28,199

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount by which the loss on the sale of capital assets exceeded the proceeds from the sale of those assets. (1,837)

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.

Delinquent property taxes	(12,245)	
Intergovernmental	5,207	
Extracurricular activities	<u>200</u>	(6,838)

Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows. 775,880

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (1,405,949)

Governmental funds report premiums as expenditures, whereas these amounts are deferred and amortized in the statement of net position.

Amortization of bond premium	<u>5,523</u>	5,523
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current fiscal year, these amounts consist of:

Bond principal retirement	315,000	
Loan principal retirement	<u>57,014</u>	372,014

In the statement of activities, interest accrued on outstanding bonds and the loss on refunding are amortized over the terms of the bonds, whereas in the governmental funds, the expenditure is reported when the bonds are issued:

Decrease in accrued interest	909	
Amortization of deferred amount on refunding	<u>(2,627)</u>	(1,718)

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

Decrease in compensated absences	<u>185,805</u>	185,805
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Change in Net Position of Governmental Activities \$2,952,858

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2017*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$3,407,876	\$3,351,653	\$3,350,977	(\$676)
Intergovernmental	6,068,685	5,769,578	5,769,575	(3)
Interest	14,200	30,953	30,953	0
Tuition and Fees	1,021,400	1,170,985	1,170,273	(712)
Rent	2,500	15,800	15,733	(67)
Gifts and Donations	500	2,500	2,500	0
Miscellaneous	186,055	265,550	265,434	(116)
<i>Total Revenues</i>	10,701,216	10,607,019	10,605,445	(1,574)
Expenditures				
Current				
Instruction				
Regular	5,284,178	4,748,872	4,716,577	32,295
Special	1,868,540	1,954,274	1,941,494	12,780
Vocational	87,635	99,713	98,530	1,183
Support Services				
Pupils	253,924	263,725	263,248	477
Instructional Staff	57,971	120,183	111,705	8,478
Board of Education	23,405	39,898	38,055	1,843
Administration	657,820	775,645	761,828	13,817
Fiscal	293,578	385,019	377,883	7,136
Operation and Maintenance of Plant	648,597	780,083	766,948	13,135
Pupil Transportation	356,225	539,422	535,739	3,683
Central	108,151	149,778	148,392	1,386
Operation of Non-Instructional Services	3,065	16,670	16,654	16
Extracurricular Activities	0	99,550	99,074	476
Capital Outlay	221,678	241,187	241,081	106
<i>Total Expenditures</i>	9,864,767	10,214,019	10,117,208	96,811
<i>Excess of Revenues Over Expenditures</i>	836,449	393,000	488,237	95,237
Other Financing Sources (Uses)				
Transfers In	0	69,533	69,533	0
Transfers Out	(252,000)	(551,533)	(551,533)	0
Advances Out	0	(18,000)	(4,368)	13,632
<i>Total Other Financing Sources (Uses)</i>	(252,000)	(500,000)	(486,368)	13,632
<i>Net Change in Fund Balance</i>	584,449	(107,000)	1,869	108,869
<i>Fund Balances Beginning of Year</i>	1,935,718	1,935,718	1,935,718	0
<i>Prior Year Encumbrances Appropriated</i>	45,920	45,920	45,920	0
<i>Fund Balances End of Year</i>	\$2,566,087	\$1,874,638	\$1,983,507	\$108,869

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Investments	\$8,477	\$44,620
Liabilities		
Undistributed Monies		\$44,620
Net Position		
Held in Trust for Scholarships	\$8,477	

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
	Scholarship
Additions	
Gifts and Donations	\$1,935
Miscellaneous	500
<i>Total Additions</i>	2,435
Deductions	
Payments in Accordance With Trust Agreements	5,100
<i>Total Deductions</i>	5,100
<i>Change in Net Position</i>	(2,665)
<i>Net Position Beginning of Year</i>	11,142
<i>Net Position End of Year</i>	\$8,477

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1 – Description of the District and Reporting Entity

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

The School District was established in 1922. The School District serves an area of approximately 41 square miles. It is located in Clermont County, and includes all of the Village of Williamsburg and portions of Williamsburg and Jackson Townships. The Board of Education controls the School District's two instructional support facilities staffed by 45 non-certified, 59 teaching personnel and 6 administrative employees providing education to 804 students.

Reporting Entity

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

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

The School District participates in two jointly governed organizations and two insurance purchasing pools. These organizations are discussed in notes 14 and 15 of the basic financial statements. These organizations are:

Jointly Governed Organizations:

Hamilton/Clermont Cooperative Association
U.S. Grant Joint Vocational School

Insurance Purchasing Pools:

Clermont County Insurance Consortium
Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

Note 2 – Summary of Significant Accounting Policies

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

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities that are governmental and those that are considered business-type activities. The School District, however, has no activities which are reported as business-type activities.

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The following are the School District's major governmental funds:

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

Permanent Improvement Fund - The permanent improvement fund is used to account for transactions related to the acquiring, constructing, or improving permanent improvements.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds include one agency fund and one private purpose trust fund. The School District's agency fund accounts for those student activities which consist of a student body, student president, student treasurer, and faculty advisor. The private purpose trust fund accounts for college scholarship programs for students.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

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

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Revenue – Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see note 5.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and balance sheet report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for a deferred charge on refunding and for pension. A deferral on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The pension item is further explained in note 9.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources included property taxes, pension, and unavailable revenue. Property taxes for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources on the statement of net position and governmental fund balance sheet. Unavailable revenue is reported only on the governmental fund balance sheet and represents grants and entitlements not received within the available period and delinquent property taxes due at June 30, 2017. Deferred inflows of resources related to pension are reported on the government-wide statement of net position and is further explained in note 9.

Expenses/Expenditures

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

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

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “equity in pooled cash and investments” on the financial statements.

During fiscal year 2017, the School District invested in the State Treasury Asset Reserve of Ohio (STAR Ohio), STAR Plus, a repurchase agreement, money market funds, certificates of deposit, and U.S. government agency securities. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. The School District’s money market funds are recorded at amounts reported by the respective financial institutions at June 30, 2017.

STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the School District. The School District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund and other governmental funds during fiscal year 2017 amounted to \$23,701 and \$67, respectively. The School District also recognized a decrease in the fair value of investments of \$4,638 in the general fund.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2017, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets usually result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$2,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5-20 years
Buildings and Improvements	25-80 years
Furniture, Fixtures and Equipment	5-20 years
Vehicles	8 years

Accrued Liabilities and Long-Term Obligations

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

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

Compensated Absences

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

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

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the amount "matured compensated absences payable" in the termination benefits fund, which is presented as part of the general fund for GAAP reporting purposes. The noncurrent portion of the liability is not reported. The School District reported no matured compensated absences payable at June 30, 2017.

Bond Premiums/Issuance Costs

In the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method.

On the governmental fund financial statements, bond premiums and issuance costs are recognized in the period when the debt is issued.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Net Position

Net position represents the difference between assets plus deferred outflows or resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service, music and athletic programs, and federal and state grants restricted to expenditures for specified purposes. The School District has no net position that is restricted by enabling legislation.

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

Fund Balances

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In the other governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Internal Activity

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

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

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

Short term interfund loans are classified as “interfund receivables” and “interfund payables”. These amounts are eliminated in the governmental activities column of the statement of net position. The School District reported no interfund receivables/payables at June 30, 2017.

Estimates

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

Budgetary Process

The budgetary process is prescribed by the provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund/special cost center level for the general fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund/special cost center.

The Clermont County Budget Commission has waived the requirement that school districts adopt and submit a tax budget. In lieu of the tax budget, school districts are required to submit bond fund balances.

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

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

Note 3 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis).
4. Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the neediest kids, uniform school supplies, pre-school, centre, public school support, and termination benefits funds. These funds were excluded from the budgetary presentation for the general fund.

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	\$248,082
Revenue Accruals	(217,881)
Expenditure Accruals	1,369
Encumbrances	(38,825)
(Excess) Deficit of Funds Combined with General Fund for Reporting Purposes	<u>9,124</u>
Budget Basis	<u>\$1,869</u>

Note 4 – Deposits and Investments

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

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

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

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

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

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

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

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

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2017, the School District's bank balance of \$766,715 was either covered by FDIC or collateralized by the financial institutions' public entity deposit pools in the manner described above.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Investments

As of June 30, 2017, the School District had the following investments, which are in an internal investment pool:

	Fair Value	Credit Rating	Maturity	Percent of Total Investments
STAR Ohio	\$3,757,676	AAAm	Less than one year	70.13%
First American Government Obligation Money Market Fund	6,449	AAAm	Less than one year	0.12%
Repurchase Agreement	48,830	N/A	Less than one year	0.91%
Fidelity Treasury MMKT FD Daily Money Market Fund	6,605	AAAm	Less than one year	0.12%
Federal National Mortgage Assn.	54,872	AA+	Less than one year	1.03%
Federal National Mortgage Assn.	99,475	AA+	One to two years	1.86%
Federal National Mortgage Assn.	59,525	AA+	Three to five years	1.11%
Federal Home Loan Mortgage Corp.	84,618	AA+	One to two years	1.58%
Federal Home Loan Mortgage Corp.	98,808	AA+	Three to five years	1.84%
Federal Farm Credit Bank Disc. Note	99,175	A-1+	Less than one year	1.85%
Federal Home Loan Bank Disc. Note	79,332	A-1+	Less than one year	1.48%
Negotiable Certificates of Deposit	299,578	N/A	Less than one year	5.59%
Negotiable Certificates of Deposit	399,868	N/A	One to two years	7.46%
Negotiable Certificates of Deposit	263,525	N/A	Three to five years	4.92%
Total Investments	<u>\$5,358,336</u>			<u>100.00%</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurement as of June 30, 2017. As previously discussed, STAR Ohio is reported at its net asset value. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk

The School District has no investment policy that addresses interest rate risk beyond the requirements of state statute. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk

The School District has no investment policy that addresses credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District has no investment policy dealing with investment custodial credit risk beyond the requirements in state statute that prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. However, the School District does diversify for protection of assets in a responsible manner.

Note 5 – Property Taxes

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by state statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected in calendar year 2017 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Clermont and Brown Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2017, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which fiscal year 2017 taxes were collected are:

	2016 Second-Half Collections		2017 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$117,427,200	95.09%	\$117,887,740	95.12%
Public Utility Personal	6,068,320	4.91%	6,049,200	4.88%
Total Assessed Value	\$123,495,520	100.00%	\$123,936,940	100.00%
Tax rate per \$1,000 of assessed value	\$48.58		\$48.55	

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 6 - Receivables

Receivables at June 30, 2017, consisted of accrued interest, accounts, intergovernmental, interfund, and property taxes. All receivable amounts, except delinquent property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The intergovernmental receivables are as follows:

<i>Major Fund</i>	
General	\$3,508
 <i>Nonmajor Funds</i>	
IDEA B	10,201
Title I	45,709
Title II-A	126
Total Nonmajor Funds	56,036
 Total All Funds	\$59,544

Note 7 – Capital Assets

Capital assets activity for the fiscal year ended June 30, 2017 was as follows:

	Balance at 6/30/16	Additions	Deductions	Balance at 6/30/17
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated:				
Land	\$830,100	\$0	\$0	\$830,100
Construction in Progress	0	84,546	0	84,546
Total Capital Assets Not Being Depreciated	830,100	84,546	0	914,646
Capital Assets Being Depreciated:				
Land Improvements	2,369,710	295,438	0	2,665,148
Buildings and Improvements	13,099,426	0	0	13,099,426
Furniture, Fixtures, and Equipment	1,960,387	120,190	(146,112)	1,934,465
Vehicles	819,144	0	(54,985)	764,159
Total Capital Assets Being Depreciated	18,248,667	415,628	(201,097)	18,463,198
Less Accumulated Depreciation				
Land Improvements	(1,577,478)	(65,097)	0	(1,642,575)
Buildings and Improvements	(5,431,223)	(258,829)	0	(5,690,052)
Furniture, Fixtures, and Equipment	(1,480,151)	(113,440)	144,275	(1,449,316)
Vehicles	(609,421)	(34,609)	54,985	(589,045)
Total Accumulated Depreciation	(9,098,273)	(471,975)	199,260	(9,370,988)
Total Capital Assets Being Depreciated, Net	9,150,394	(56,347)	(1,837)	9,092,210
Governmental Activities Capital Assets, Net	\$9,980,494	\$28,199	(\$1,837)	\$10,006,856

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Depreciation was charged to the following governmental functions:

Instruction:	
Regular	\$282,579
Vocational	1,584
Support Services:	
Instructional Staff	3,085
Administration	402
Operation and Maintenance of Plant	54,672
Pupil Transportation	36,998
Operation of Non-Instructional Services	13,281
Extracurricular Activities	79,374
Total Depreciation Expense	<u>\$471,975</u>

Note 8 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2017, the School District contracted with commercial carriers for property and fleet insurance, liability insurance and inland marine coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from the prior year.

Workers' Compensation

For fiscal year 2017, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (see note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control, and actuarial services to the GRP.

Employee Benefits

For fiscal year 2017, the School District participated in the Clermont County Insurance Consortium (the Consortium), a group insurance purchasing pool (see note 15), in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries and to set aside funds for such purposes. The Directors provides insurance policies in whole or in part through one or more group insurance policies.

Note 9 – Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the School District’s obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2017, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the employer contribution rate was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$192,912 for fiscal year 2017. Of this amount, \$0 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation was 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement increased effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, July 1, 2015, and July 1, 2016 when it reached 14 percent. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$582,968 for fiscal year 2017. Of this amount \$98,312 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,186,748	\$12,173,362	\$15,360,110
Proportion of the Net Pension Liability	0.0435403%	0.0363677%	
Pension Expense	\$367,002	\$1,038,947	\$1,405,949

At June 30, 2017, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$42,982	\$491,864	\$534,846
Changes of assumptions	212,733	0	212,733
Net difference between projected and actual earnings on pension plan investments	262,861	1,010,716	1,273,577
Changes in proportion and differences	86,189	217,358	303,547
School District contributions subsequent to the measurement date	<u>192,912</u>	<u>582,968</u>	<u>775,880</u>
Total Deferred Outflows of Resources	<u>\$797,677</u>	<u>\$2,302,906</u>	<u>\$3,100,583</u>
<i>Deferred Inflows of Resources</i>			
Changes in proportion and differences	<u>\$4,184</u>	<u>\$47,214</u>	<u>\$51,398</u>
Total Deferred Inflows of Resources	<u>\$4,184</u>	<u>\$47,214</u>	<u>\$51,398</u>

\$775,880 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2018	\$167,760	\$287,645	\$455,405
2019	167,573	287,643	455,216
2020	189,256	680,832	870,088
2021	<u>75,992</u>	<u>416,604</u>	<u>492,596</u>
Total	<u>\$600,581</u>	<u>\$1,672,724</u>	<u>\$2,273,305</u>

Williamsburg Local School District
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Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational project and a five year set-back for both males and females. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed for the 5 year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
 Total	 100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.5 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent), or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability	\$4,219,056	\$3,186,748	\$2,322,664

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and no set back from age 90 and above.

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Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	<u>7.61 %</u>

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$16,177,409	\$12,173,362	\$8,795,712

Changes Between Measurement Date and Report Date – In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District's net pension liability is expected to be significant.

Note 10 – Postemployment Benefits

School Employees Retirement System

Postemployment Benefits

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers a postemployment benefit plan.

Health Care Plan

Sections 3309.375 and 3309.69 of the Ohio Revised Code permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code Section 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14 percent contribution to the Health Care Fund in accordance with the funding policy. For fiscal years 2017, 2016, and 2015, the health care allocation were 0 percent, 0 percent, and 0.82 percent, respectively. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute, no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at \$23,500. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$23,583, \$22,591, and \$33,622, respectively. The full amount has been contributed for fiscal years 2017, 2016, and 2015.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care plan are included in its comprehensive annual financial report. That report can be obtained on SERS website at www.ohsers.org under employers/audit resources.

State Teachers Retirement System

Plan Description

STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums.

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STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent comprehensive annual financial report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy

Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 0 percent of covered payroll was allocated to post-employment health care for fiscal years 2017, 2016, and 2015. The School District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$0.

Note 11 – Compensated Absences

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

Teachers, administrators, and non-certified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days for all employees. For non-certified employees, upon retirement, payment is made for 25 percent of accrued, but unused sick leave credit to a maximum of 62.5 days. If certified employees do not elect retirement in their first year of eligibility, payment is made for 25 percent (one payment) or 35 percent (two payments) of accrued, but unused sick leave credit to a maximum of 75 and 105 days, respectively.

Note 12 – Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2017 were as follows:

	Amount Outstanding 6/30/16	Additions	Deductions	Amount Outstanding 6/30/17	Amounts Due Within One Year
<i>Governmental Activities</i>					
2008 School Improvement General Obligation Refunding Bonds – 3.846%	\$891,000	\$0	(\$285,000)	\$606,000	\$297,000
Premium on Debt Issue	10,333	0	(4,198)	6,135	0
2007 Energy Conservation Loan – 2.61%	57,014	0	(57,014)	0	0
2012 Energy Conservation Bonds – 1.150%-2.750%	385,000	0	(30,000)	355,000	35,000
Premium on Debt Issue	14,238	0	(1,325)	12,913	0
Total Long-Term Bonds and Loan	1,357,585	0	(377,537)	980,048	332,000
Compensated Absences	1,370,955	149,496	(335,301)	1,185,150	130,649
Net Pension Liability	12,438,117	2,921,993	0	15,360,110	0
Total Governmental Activities Long- Term Obligations	\$15,166,657	\$3,071,489	(\$712,838)	\$17,525,308	\$462,649

Williamsburg Local School District
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School Improvement Bonds - In June 2008, the School District issued \$2,780,000 in voted general obligation bonds for the purpose of a current refunding of the 1996 School Improvement General Obligation Bonds. The bonds were issued for an 11-year period with final maturity during fiscal year 2019. The bonds will be repaid from the debt service fund.

Energy Conservation Loan - In June 2007, the School District received \$465,028 in loan proceeds for an energy efficiency project. The loan has an interest rate of 2.61 percent for a 10-year period with the final payment made in fiscal year 2017. The loan was repaid from the general and centre funds. The centre fund has been presented as part of the general fund for GAAP reporting purposes.

Energy Conservation Bonds - In March 2012, the School District received \$544,869 in loan proceeds, which included \$19,869 in premiums, for an energy efficiency project. The bonds carry coupon rates between 1.15 percent and 2.75 percent for a 15-year period with the final payment due in fiscal year 2027. The bonds will be repaid from the general fund.

Compensated absences will be paid from the termination benefits fund, which has been presented as part of the general fund for GAAP reporting purposes. The School District pays obligations related to employee compensation from the fund benefitting from their service.

The School District's overall legal debt margin was \$11,226,764 with an unvoted debt margin of \$123,937 and an energy conservation debt limit of \$760,432 at June 30, 2017.

Principal and interest requirements to retire debt outstanding at June 30, 2017, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		Energy Conservation Bonds	
	Principal	Interest	Principal	Interest
2018	\$297,000	\$17,595	\$35,000	\$8,890
2019	309,000	5,942	35,000	8,295
2020	0	0	5,000	37,700
2021	0	0	35,000	7,700
2022	0	0	40,000	6,738
2023-2027	0	0	205,000	17,186
Total	\$606,000	\$23,537	\$355,000	\$86,509

Note 13 – Set-Aside Calculations

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

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

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	Capital Acquisitions
Set-Aside Balance as of June 30, 2016	\$0
Current Fiscal Year Set-Aside Requirement	180,067
Current Fiscal Year Offsets	(132,076)
Qualifying Disbursements	(283,313)
Totals	(\$235,322)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance as of June 30, 2017	\$0

Amounts of offsets and qualifying disbursements presented in the table for capital acquisitions were limited to those necessary to reduce the fiscal year-end balance to zero. Although the School District may have had additional offsets and qualifying disbursements for capital acquisitions during the fiscal year, this extra amount may not be used to reduce the set-aside requirements of future fiscal years.

Note 14 – Jointly Governed Organizations

Hamilton/Clermont Cooperative Association

The School District is a participant in a two-county consortium of school districts to operate the Hamilton/Clermont Cooperative Association (H/CCA). H/CCA is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of H/CCA consists of one representative from each of the participating members. The School District paid \$14,458 for services provided during the fiscal year. Complete financial statements for H/CCA can be obtained from Tom Collins, Executive Director, at their administrative offices at 7615 Harrison Avenue, Mount Healthy, Ohio 45231.

U.S. Grant Joint Vocational School

The U.S. Grant Joint Vocational School 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 four participating school districts' elected boards with an additional representative rotated among the four schools. The Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to the U.S. Grant Joint Vocational School, Patricia Patton, who serves as Treasurer, at 718 West Plane Street, Bethel, Ohio 45106.

Note 15 – Insurance Purchasing Pools

Clermont County Insurance Consortium

The Williamsburg Local School District is a member of the Clermont County Insurance Consortium, an insurance purchasing pool. A number of Clermont County school districts and the Clermont County Educational Service Center have entered into an agreement to form the Clermont County Insurance Consortium. The overall objectives of the Consortium are to formulate and administer a program of health, dental, life, and/or other insurance benefits for the Consortium members' employees and their dependents. The Consortium's business and affairs are managed by a Board of Directors, consisting of the superintendents (or their designees) from each of the participating school districts and the educational service center.

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The School District pays premiums based on what the Consortium estimates will cover the costs of all claims for which the Consortium is obligated. If the School District's claims exceeded its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Consortium views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the current fiscal agent, Clermont County Educational Service Center at 2400 Clermont Center Drive, Suite 100, Batavia, Ohio 45103.

On January 1, 2017, Clermont County Insurance Consortium joined the Southwestern Ohio Educational Purchasing Council (EPC) for health, dental, vision, and life insurances. The Clermont County Insurance Consortium is no longer self-funded as of January 1, 2017. The Southwestern Ohio Educational Purchasing Council (EPC) is a council of governments with over 40 years of service experience, pooling the purchase power of 180 Ohio School Districts. All insurances operate as if they are a fully insured plan where districts pay an annual premium (as determined by EPC) for their coverages. As of January 1, 2017 districts pay monthly premiums directly to EPC.

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group insurance purchasing pool. The GRP's business and affairs are conducted by a five member Board of Directors. Each fiscal year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 16 – Interfund Activity

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2017, were as follows:

	<u>Transfers To</u>	<u>Transfers From</u>
<i>Major Funds:</i>		
General Fund	\$0	\$459,533
Permanent Improvement Fund	200,000	0
<i>Nonmajor Funds:</i>		
Food Service Fund	99,533	0
Extracurricular Activities Fund	160,000	0
Total Nonmajor Funds	<u>259,533</u>	
Total All Funds	<u>\$459,533</u>	<u>\$459,533</u>

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

Note 17 - Contingencies

Litigation

The School District is not currently party to legal proceedings.

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Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2017.

State Foundation Funding

School District funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2017 Foundation funding for the School District. Therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

Note 18 - Encumbrances

At June 30, 2017, the School District had encumbrance commitments in governmental funds as follows:

<i>Major Funds:</i>	
General	\$46,922
Permanent Improvement	2,859,314
<i>Nonmajor Fund:</i>	
Extracurricular Activities	4,642
Total Encumbrances	<u>\$2,910,878</u>

Note 19 – Fund Deficits

The following funds had deficit fund balances as of June 30, 2017:

<i>Nonmajor Funds:</i>	
Lunchroom	\$3,898
IDEA B	22,945
Title I	38,650
Title II-A	9,513

These deficits resulted from payables recorded in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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Note 20 – Significant Commitment

As of June 30, 2017, the School District has a significant contractual commitment for the stadium project.

Contractor	Contract Amount	Payments as of June 30, 2017	Remaining Balance
Greater Dayton Construction	\$2,783,860	\$0	\$2,783,860

Note 21 – Fund Balances

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

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>				
Prepaid Items	\$26,674	\$0	\$0	\$26,674
<i>Restricted for</i>				
Capital Projects and Maintenance	0	3,142,179	35,168	3,177,347
Other Purposes	0	0	7,480	7,480
Debt Service	0	0	670,843	670,843
Extracurricular Activities	0	0	43,091	43,091
Total Restricted	0	3,142,179	756,582	3,898,761
<i>Committed for</i>				
Severance Benefits	44,823	0	0	44,823
Other Purposes	5,768	0	0	5,768
Total Committed	50,591	0	0	50,591
<i>Assigned to</i>				
Student and Staff Support	26,749	0	0	26,749
Subsequent Budget Deficit	7,561	0	0	7,561
Other Purposes	23,736	0	0	23,736
Total Assigned	58,046	0	0	58,046
<i>Unassigned (Deficit)</i>	2,148,013	0	(75,006)	2,073,007
<i>Total Fund Balances</i>	<u>\$2,283,324</u>	<u>\$3,142,179</u>	<u>\$681,576</u>	<u>\$6,107,079</u>

Note 22 – Implementation of New Accounting Pronouncements

For the fiscal year ended June 30, 2017, the School District was required to implement Governmental Accounting Standards Board Statements No. 74, “Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans,” No. 77, “Tax Abatement Disclosures,” No. 78, “Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,” No. 80, “Blending Requirements for Certain Component Units,” and No. 82, “Pension Issues.”

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2017

GASB Statement No. 74 replaces GASB Statement No. 43, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.” Statement 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement 74 also sets forth note disclosure requirements for defined contribution OPEB plans.

GASB Statement No. 77 requires state and local governments, for the first time, to disclose information about tax abatement agreements. It requires governments to disclose information about their own tax abatements separately from information about tax abatements that are entered into by other governments and reduce the reporting government’s tax revenues.

GASB Statement No. 78 amends the scope and applicability of GASB 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that: (1) is not a state or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers; and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

GASB Statement No. 80 clarifies the display requirements in GASB Statement No. 14, “The Financial Reporting Entity,” by requiring these component units to be blended into the primary state or local government’s financial statements in a manner similar to a department or activity of the primary government. The guidance addresses diversity in practice regarding the presentation of not-for-profit corporations in which the primary government is the sole corporate member. Although GASB 80 applies to a limited number of governmental units, such as, for example, public hospitals, the GASB intends for it to enhance the comparability of financial statements among those units and improve the value of this information for users of state and local government financial statements.

GASB Statement No. 82 addresses, among other things, presentation of payroll-related measures in required supplementary information, selection of assumptions and the treatment of deviations from guidance in Actuarial Standards of Practice for financial reporting purposes, and classification of payments made by employers to satisfy plan member contribution requirements. GASB 82 is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. Specifically, the practice issues raised by stakeholders during implementation relate to GASB 67, 68, and 73.

None of these Statements had an impact on the School District’s financial statements or note disclosures.

Williamsburg Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Four Fiscal Years (1)

	2014	2015	2016	2017
<i>State Teachers Retirement System</i>				
School District's proportion of the net pension liability	0.03519986%	0.03519986%	0.03606014%	0.03636770%
School District's proportionate share of the net pension liability	\$10,198,789	\$8,561,824	\$9,965,968	\$12,173,362
School District's covered payroll	\$3,623,400	\$3,633,715	\$3,700,686	\$3,946,743
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	281.5%	235.6%	269.3%	308.4%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%
<i>School Employees Retirement System</i>				
School District's proportion of the net pension liability	0.04095699%	0.04095699%	0.04332470%	0.04354030%
School District's proportionate share of the net pension liability	\$2,435,581	\$2,072,810	\$2,472,149	\$3,186,748
School District's covered payroll	\$1,084,566	\$1,170,007	\$1,280,918	\$1,316,400
School District's proportionate share of the net pension liability as a percentage of its covered payroll	224.6%	177.2%	193.0%	242.1%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%

The amounts are presented as of the School District's measurement date, which is the prior fiscal year end.
(1) Information not available prior to 2014.

Williamsburg Local School District
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>State Teachers Retirement System</i>										
Contractually required contribution	\$484,094	\$481,035	\$491,445	\$518,232	\$508,371	\$471,042	\$472,383	\$518,096	\$552,544	\$582,968
Contributions in relation to the contractually required contribution	484,094	481,035	491,445	518,232	508,371	471,042	472,383	518,096	552,544	582,968
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered payroll	\$3,723,800	\$3,700,269	\$3,780,346	\$3,986,400	\$3,910,546	\$3,623,400	\$3,633,715	\$3,700,686	\$3,946,743	\$4,164,057
Contributions as a percentage of covered payroll	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution	\$83,742	\$108,457	\$201,570	\$153,403	\$152,364	\$150,104	\$162,163	\$168,825	\$184,296	\$192,912
Contributions in relation to the contractually required contribution	83,742	108,457	201,570	153,403	152,364	150,104	162,163	168,825	184,296	192,912
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered payroll	\$852,770	\$1,102,205	\$1,488,700	\$1,220,390	\$1,132,818	\$1,084,566	\$1,170,007	\$1,280,918	\$1,316,400	\$1,377,943
Contributions as a percentage of covered payroll	9.82%	9.84%	13.54%	12.57%	13.45%	13.84%	13.86%	13.18%	14.00%	14.00%

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2016 and 2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016 and 2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for fiscal year 2016 and 2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016 and 2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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

December 27, 2017

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Williamsburg Local School District**, Clermont County, (the School District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 27, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio



Dave Yost • Auditor of State

WILLIAMSBURG LOCAL SCHOOL DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 15, 2018**