



**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To The Board of Education:

We have audited the accompanying general-purpose financial statements of the Williamsburg Local School District, Clermont County, Ohio (the District), as of and for the fiscal year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

The District is experiencing certain financial difficulties. These conditions, and management's plans to address these conditions, are described in Note 24.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

December 17, 2001

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**Williamsburg Local School District
Clermont County, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$904,766	\$88,022	\$253,437	\$61,196
Receivables:				
Property Taxes	2,343,217	42,415	339,623	0
Accounts	6,424	0	0	0
Intergovernmental	1,029	2,417	0	31,500
Interfund	5,185	0	0	0
Prepaid Items	13,776	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	50,213	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service for Retirement of General Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u><u>\$3,324,610</u></u>	<u><u>\$132,854</u></u>	<u><u>\$593,060</u></u>	<u><u>\$92,696</u></u>

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Agency</u>			
\$57,817	\$35,040	\$0	\$0	\$1,400,278
0	0	0	0	2,725,255
0	0	0	0	6,424
0	0	0	0	34,946
0	0	0	0	5,185
79	0	0	0	13,855
5,149	0	0	0	5,149
627	0	0	0	627
0	0	0	0	50,213
129,766	0	15,721,682	0	15,851,448
0	0	0	298,537	298,537
0	0	0	4,525,319	4,525,319
<u>\$193,438</u>	<u>\$35,040</u>	<u>\$15,721,682</u>	<u>\$4,823,856</u>	<u>\$24,917,236</u>

(Continued)

Williamsburg Local School District
Clermont County, Ohio
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities,</u>				
<u>Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$21,431	\$0	\$0	\$6,000
Accrued Wages and Benefits	576,719	41,984	0	0
Compensated Absences Payable	86,543	0	0	0
Retainage Payable	0	0	0	6,984
Interfund Payable	0	0	0	0
Intergovernmental Payable	157,393	6,114	0	0
Deferred Revenue	2,031,117	39,232	294,523	14,701
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
State Operating Loan Payable	778,000	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	3,651,203	87,330	294,523	27,685
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	58,559	3,969	0	3,298
Reserved for Property Taxes	312,100	5,600	45,100	0
Reserved for Budget Stabilization	0	0	0	0
Reserved for Textbooks	8,282	0	0	0
Reserved for Bus Purchase Allowance	41,931	0	0	0
Unreserved:				
Designated for Capital Acquisitions	34,062	0	0	0
Designated for Textbooks	737	0	0	0
Designated for Facilities Maintenance	10,000	0	0	0
Designated for Retirement Payouts	10,000	0	0	0
Undesignated (Deficit)	(802,264)	35,955	253,437	61,713
Total Fund Equity (Deficit) and Other Credits	(326,593)	45,524	298,537	65,011
Total Liabilities, Fund Equity and Other Credits	\$3,324,610	\$132,854	\$593,060	\$92,696

See accompanying notes to the general purpose financial statements

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Agency</u>			
\$0	\$0	\$0	\$0	\$27,431
19,405	0	0	0	638,108
15,848	0	0	816,870	919,261
0	0	0	0	6,984
0	5,185	0	0	5,185
20,903	0	0	65,696	250,106
4,052	0	0	0	2,383,625
0	24,581	0	0	24,581
0	5,274	0	0	5,274
0	0	0	131,290	131,290
0	0	0	35,000	35,000
0	0	0	0	778,000
0	0	0	3,775,000	3,775,000
<u>60,208</u>	<u>35,040</u>	<u>0</u>	<u>4,823,856</u>	<u>8,979,845</u>
0	0	15,721,682	0	15,721,682
133,230	0	0	0	133,230
0	0	0	0	65,826
0	0	0	0	362,800
0	0	0	0	0
0	0	0	0	8,282
0	0	0	0	41,931
0	0	0	0	34,062
0	0	0	0	737
0	0	0	0	10,000
0	0	0	0	10,000
0	0	0	0	(451,159)
<u>133,230</u>	<u>0</u>	<u>15,721,682</u>	<u>0</u>	<u>15,937,391</u>
<u>\$193,438</u>	<u>\$35,040</u>	<u>\$15,721,682</u>	<u>\$4,823,856</u>	<u>\$24,917,236</u>

Williamsburg Local School District
Clermont County, Ohio
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Revenues:</u>					
Property Taxes	\$2,235,408	\$39,392	\$317,492	\$0	\$2,592,292
Intergovernmental	4,153,262	376,162	38,412	67,162	4,634,998
Interest	79,521	0	0	4,793	84,314
Tuition and Fees	75,345	0	0	0	75,345
Rent	157,610	0	0	0	157,610
Extracurricular Activities	6,687	38,538	0	0	45,225
Gifts and Donations	17,697	4,102	0	11,900	33,699
Miscellaneous	42,947	50	0	0	42,997
Total Revenues	6,768,477	458,244	355,904	83,855	7,666,480
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	3,130,285	148,967	0	0	3,279,252
Special	536,312	172,406	0	0	708,718
Vocational	74,313	0	0	0	74,313
Support Services:					
Pupils	254,375	14,517	0	0	268,892
Instructional Staff	234,987	123,471	0	0	358,458
Board of Education	11,278	0	0	0	11,278
Administration	586,860	16,633	0	0	603,493
Fiscal	211,336	4,104	5,415	0	220,855
Operation and Maintenance of Plant	844,003	47,944	237	0	892,184
Pupil Transportation	414,652	8,170	0	0	422,822
Non-Instructional Services	12,470	0	0	0	12,470
Extracurricular Activities	48,449	157,229	0	0	205,678
Capital Outlay	47,259	0	0	273,570	320,829
Debt Service:					
Principal Retirement	81,965	0	130,000	0	211,965
Interest and Fiscal Charges	10,250	0	218,371	0	228,621
Total Expenditures	6,498,794	693,441	354,023	273,570	7,819,828
Excess of Revenues Over (Under) Expenditures	269,683	(235,197)	1,881	(189,715)	(153,348)
<u>Other Financing Sources (Uses):</u>					
Operating Transfers In	0	139,000	17,444	57,660	214,104
Operating Transfers Out	(258,962)	0	0	0	(258,962)
Total Other Financing Sources (Uses)	(258,962)	139,000	17,444	57,660	(44,858)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	10,721	(96,197)	19,325	(132,055)	(198,206)
Fund Balances (Deficit) at Beginning of Year	(337,314)	141,721	279,212	197,066	280,685
Fund Balances (Deficit) at End of Year	(\$326,593)	\$45,524	\$298,537	\$65,011	\$82,479

See accompanying notes to the general purpose financial statements

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Williamsburg Local School District
Clermont County, Ohio
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$2,212,538	\$2,212,824	\$286	\$39,926	\$39,592	(\$334)
Intergovernmental	4,147,508	4,158,132	10,624	386,220	376,161	(10,059)
Interest	75,849	81,291	5,442	0	0	0
Tuition and Fees	74,982	74,399	(583)	0	0	0
Rent	157,590	157,610	20	0	0	0
Extracurricular Activities	6,687	6,687	0	38,538	38,538	0
Gifts and Donations	17,697	17,697	0	4,129	4,103	(26)
Miscellaneous	69,393	69,427	34	159	159	0
Total Revenues	6,762,244	6,778,067	15,823	468,972	458,553	(10,419)
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	3,391,034	3,181,740	209,294	150,953	154,862	(3,909)
Special	619,365	534,565	84,800	189,920	169,772	20,148
Vocational	72,499	73,515	(1,016)	0	0	0
Support Services:						
Pupils	284,994	257,052	27,942	23,875	14,517	9,358
Instructional Staff	247,028	242,325	4,703	109,518	120,300	(10,782)
Board of Education	13,082	11,133	1,949	0	0	0
Administration	674,369	582,036	92,333	15,197	20,653	(5,456)
Fiscal	254,170	209,958	44,212	4,619	4,094	525
Operation and Maintenance of Plant	1,018,446	876,133	142,313	50,862	50,367	495
Pupil Transportation	541,691	468,594	73,097	7,768	8,145	(377)
Non-Instructional Services	0	11,803	(11,803)	1,500	0	1,500
Extracurricular Activities	68,327	50,331	17,996	168,569	158,389	10,180
Capital Outlay	114,600	47,259	67,341	600	514	86
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	7,299,605	6,546,444	753,161	723,381	701,613	21,768
Excess of Revenues Over (Under) Expenditures	(537,361)	231,623	768,984	(254,409)	(243,060)	11,349
<u>Other Financing Sources (Uses):</u>						
Proceeds from Loans	778,000	778,000	0	0	0	0
Advances In	13,347	13,347	0	9,372	9,372	0
Advances Out	0	(10,072)	(10,072)	(9,585)	(10,647)	(1,062)
Operating Transfers In	0	0	0	139,000	139,000	0
Operating Transfers Out	(242,001)	(258,962)	(16,961)	(70,000)	0	70,000
Total Other Financing Sources (Uses)	549,346	522,313	(27,033)	68,787	137,725	68,938
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	11,985	753,936	741,951	(185,622)	(105,335)	80,287
Fund Balances at Beginning of Year	20,183	20,183	0	164,759	164,759	0
Prior Year Encumbrances Appropriated	96,172	96,172	0	24,630	24,630	0
Fund Balances at End of Year	\$128,340	\$870,291	\$741,951	\$3,767	\$84,054	\$80,287

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$319,410	\$319,505	\$95	\$0	\$0	\$0	\$2,571,874	\$2,571,921	\$47
38,412	38,412	0	44,863	50,363	5,500	4,617,003	4,623,068	6,065
0	0	0	4,697	4,793	96	80,546	86,084	5,538
0	0	0	0	0	0	74,982	74,399	(583)
0	0	0	0	0	0	157,590	157,610	20
0	0	0	0	0	0	45,225	45,225	0
0	0	0	11,900	11,900	0	33,726	33,700	(26)
0	0	0	0	0	0	69,552	69,586	34
357,822	357,917	95	61,460	67,056	5,596	7,650,498	7,661,593	11,095
0	0	0	39,375	31,768	7,607	3,581,362	3,368,370	212,992
0	0	0	0	0	0	809,285	704,337	104,948
0	0	0	0	0	0	72,499	73,515	(1,016)
0	0	0	0	0	0	308,869	271,569	37,300
0	0	0	6,246	10,351	(4,105)	362,792	372,976	(10,184)
0	0	0	0	0	0	13,082	11,133	1,949
0	0	0	0	0	0	689,566	602,689	86,877
6,900	5,415	1,485	0	0	0	265,689	219,467	46,222
237	237	0	0	0	0	1,069,545	926,737	142,808
0	0	0	0	0	0	549,459	476,739	72,720
0	0	0	0	0	0	1,500	11,803	(10,303)
0	0	0	0	0	0	236,896	208,720	28,176
0	0	0	270,565	234,749	35,816	385,765	282,522	103,243
130,000	130,000	0	0	0	0	130,000	130,000	0
218,020	218,371	(351)	0	0	0	218,020	218,371	(351)
355,157	354,023	1,371	316,186	276,868	39,318	8,694,329	7,878,948	815,381
2,665	3,894	1,466	(254,726)	(209,812)	44,914	(1,043,831)	(217,355)	826,476
0	0	0	0	0	0	778,000	778,000	0
0	0	0	0	0	0	22,719	22,719	0
0	0	0	0	0	0	(9,585)	(20,719)	(11,134)
17,444	17,444	0	57,660	57,660	0	214,104	214,104	0
0	0	0	0	0	0	(312,001)	(258,962)	53,039
17,444	17,444	0	57,660	57,660	0	693,237	735,142	41,905
20,109	21,338	1,466	(197,066)	(152,152)	44,914	(350,594)	517,787	868,381
232,099	232,099	0	178,835	178,835	0	595,876	595,876	0
0	0	0	18,231	18,231	0	139,033	139,033	0
\$252,208	\$253,437	\$1,466	\$0	\$44,914	\$44,914	\$384,315	\$1,252,696	\$868,381

**Williamsburg Local School District
Clermont County, Ohio
Combined Statement of Revenues,
Expenses and Changes in Retained Earnings
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001**

	Enterprise
<u>Operating Revenues:</u>	
Tuition	\$6,100
Sales	221,074
Other	22,778
 Total Operating Revenues	 249,952
<u>Operating Expenses:</u>	
Salaries	131,356
Fringe Benefits	45,813
Purchased Services	41,897
Materials and Supplies	23,958
Cost of Sales	115,383
Depreciation	9,726
Other	744
 Total Operating Expenses	 368,877
 Operating Loss	 (118,925)
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	14,896
Interest	2,576
Federal and State Subsidies	58,600
 Total Non-Operating Revenues	 76,072
 Loss Before Operating Transfers	 (42,853)
 Operating Transfers In	 44,858
 Net Income	 2,005
 Retained Earnings at Beginning of Year	 131,225
 Retained Earnings at End of Year	 \$133,230

See accompanying notes to the general purpose financial statements

Williamsburg Local School District
Clermont County, Ohio
Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Tuition	\$6,100	\$6,100	\$0
Sales	221,074	221,074	0
Interest	2,362	2,576	214
Federal and State Subsidies	65,731	65,731	0
Other	22,778	22,778	0
Total Revenues	318,045	318,259	214
<u>Expenses:</u>			
Salaries	147,405	124,423	22,982
Fringe Benefits	48,479	46,120	2,359
Purchased Services	49,576	48,354	1,222
Materials and Supplies	130,567	129,530	1,037
Capital Outlay	25,000	0	25,000
Other	530	823	(293)
Total Expenses	401,557	349,250	52,307
Excess of Revenues Over (Under) Expenses before Operating Transfers	(83,512)	(30,991)	52,521
Operating Transfers In	44,858	44,858	0
Excess of Revenues Over (Under) Expenses and Transfers	(38,654)	13,867	52,521
Fund Equity at Beginning of Year	29,560	29,560	0
Prior Year Encumbrances Appropriated	9,094	9,094	0
Fund Equity at End of Year	\$0	\$52,521	\$52,521

See accompanying notes to the general purpose financial statements

**Williamsburg Local School District
Clermont County, Ohio
Combined Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001**

	Enterprise
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$221,074
Cash Received from Tuition Payments	6,100
Cash Received from Other Operating Sources	22,778
Cash Payments to Suppliers for Goods and Services	(172,588)
Cash Payments to Employees for Services	(124,423)
Cash Payments for Employee Benefits	(46,120)
Cash Payments for Other Operating Expenses	(823)
	(94,002)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Federal and State Subsidies	65,731
Transfers In	44,858
	110,589
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	2,576
	19,163
Net Increase In Cash and Cash Equivalents	38,654
Cash and Cash Equivalents at Beginning of Year	38,654
	77,308
Cash and Cash Equivalents at End of Year	\$57,817
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	(\$118,925)
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>	
Donated Commodities Used During Year	14,896
Depreciation	9,726
<u>Changes in Assets and Liabilities:</u>	
Decrease in Prepaid Items	41
Decrease in Inventory Held for Resale	204
Decrease in Materials and Supplies Inventory	50
Decrease in Accounts Payable	(580)
Increase in Accrued Wages and Benefits	2,215
Increase in Compensated Absences Payable	5,068
Decrease in Intergovernmental Payable	(6,697)
	24,923
Total Adjustments	24,923
Net Cash Used For Operating Activities	(\$94,002)

See accompanying notes to the general purpose financial statements

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1922 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 41 square miles. It is located in Clermont County, and includes all of the Village of Williamsburg and portions of Williamsburg and Jackson Townships.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements 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 service, latchkey, and student related activities of the School District.

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

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

The School District participates in four organizations, two of which are defined as jointly governed organizations and two are insurance purchasing pools. These organizations include the Hamilton/Clermont Cooperative Association, the U.S. Grant Joint Vocational School, the Clermont County Health Trust, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 20 and 21 to the general purpose financial statements.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Williamsburg Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applied Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Proprietary Fund Type:

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

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

Fiduciary Fund Type:

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

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into retained earnings components. The School District has no contributed capital. The proprietary fund type operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the 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, grants, student fees and rentals.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is authorized to further allocate Board of Education appropriations to the function and object level for all funds. Because the activity of agency funds is not budgeted, advances-in and advances-out do not equal on a budgetary basis by \$2,000 due to an advance from the general fund to the student activities agency fund.

Tax Budget:

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

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, four supplemental appropriations were legally enacted. They contained significant modifications.

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

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

During fiscal year 2001, the School District's investments were limited to certificates of deposit, repurchase agreements and funds invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

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, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$79,521 which includes \$51,599 assigned from other School District funds.

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

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, 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 year in which services are consumed.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fixed Assets and Depreciation

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

H. Interfund Assets/Liabilities

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

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Interfund Transactions

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

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

L. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, textbooks, and school bus purchase allowance.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

Fund balance designations are established to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Established by Board resolution, the designations represent monies set-aside by the School District for future expenditures related to facilities maintenance and retirement payouts.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for bus purchases and amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization and for the purchase of textbooks. See Note 18 for additional information regarding set-asides.

N. Estimates

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

O. Total Columns on General Purpose Financial Statements

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

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE/RETAINED EARNINGS

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues," - an amendment of GASB No. 33, which changes how the School District reports certain types of revenues. At June 30, 2000, there was no effect on fund balance as a result of implementing GASB Statements 33 and 36.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had deficit fund balances for the fiscal year ended June 30, 2001:

General Fund	\$326,593
Special Revenue Funds:	
Ohio Reads	3,148
Title I	16,175

The deficit in the general fund is due to the liability associated with the State Operating Loan, (see Note 16). The School District is monitoring the general fund deficit and taking action to conserve resources. The deficits in the special revenue funds were created by the recognition of accrued liabilities. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Proceeds of loans are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$10,721	(\$96,197)	\$19,325	(\$132,055)
Adjustments:				
Revenue Accrual	9,590	309	2,013	(16,799)
Expenditure Accrual	37,038	(4,204)	0	12,984
Loan Proceeds	778,000	0	0	0
Encumbrances	(84,688)	(3,968)	0	(16,282)
Advances	3,275	(1,275)	0	0
Budget Basis	\$753,936	(\$105,335)	\$21,338	(\$152,152)

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Income/Excess of Revenues Over (Under) Expenses and Transfers Proprietary Fund Type	
	<u>Enterprise</u>
GAAP Basis	\$2,005
Adjustments:	
Revenue Accruals	7,131
Expense Accruals	596
Depreciation Expense	9,726
Prepays	(41)
Inventory Held for Resale	(204)
Materials and Supplies Inventory	(50)
Encumbrances	<u>(5,296)</u>
Budget Basis	<u><u>\$13,867</u></u>

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

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

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$100,226 and the bank balance was \$367,680. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$267,680 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

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

	Category 3	Carrying/Fair Value
Repurchase Agreement	\$69	\$69
STAR Ohio	0	1,349,546
Total	\$69	\$1,349,615

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No.9	\$1,450,491	\$0
Cash on Hand	(650)	0
Investments:		
Repurchase Agreement	(69)	69
STAR Ohio	(1,349,546)	1,349,546
GASB Statement No. 3	\$100,226	\$1,349,615

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

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

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

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 7 - PROPERTY TAXES (Continued)

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$73,158,710	68.21%	\$74,532,250	83.45%
Public Utility	7,579,830	7.07	7,619,610	8.53
Tangible Personal Property	26,514,760	24.72	7,166,610	8.02
Total Assessed Value	\$107,253,300	100.00%	\$89,318,470	100.00%
Tax rate per \$1,000 of assessed valuation	\$49.90		\$42.00	

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 taxes payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

On August 27, 1999 the Williamsburg Board of Education entered into a Foreign Trade Zone agreement with Milacron Inc. The agreement between the Board of Education and the company assured the Board of a stated percentage of tangible property taxes that would have been assessed and levied by Clermont County against the company if the Foreign Trade Zone exemption had not been granted. These annual payments are made directly to the District in accordance with this agreement and reported as intergovernmental receipts instead of property taxes on the financial statements.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2001, was \$312,100 in the general fund, \$5,600 in the classroom facilities special revenue fund and \$45,100 in the debt service fund.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 8 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund:	
Customer Services	\$1,029
Special Revenue Fund:	
Title VI-R	2,417
Capital Projects Fund:	
Video Distance Learning	31,500
Total All Funds	\$34,946

NOTE 9 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$218,782
Less: Accumulated Depreciation	(89,016)
Net Fixed Assets	\$129,766

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at 7/1/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$1,266,654	\$187,423	\$0	\$1,454,077
Buildings and Improvements	11,399,092	6,840	0	11,405,932
Furniture, Fixtures and Equipment	2,161,713	45,847	0	2,207,560
Vehicles	612,042	0	0	612,042
Construction in Progress	0	42,071		42,071
Totals	\$15,439,501	\$282,181	\$0	\$15,721,682

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 10 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Archdeacon Insurance for fleet insurance, Nationwide Insurance for liability insurance, and Indiana Insurance for property and inland marine coverage.

Coverage provided includes the following:

Building and Contents-replacement cost (\$500 deductible)	\$22,174,890
Additional Miscellaneous Property Damage (\$500 deductible)	10,000
Inland Marine Coverage (\$500 deductible)	included above
Additional Inland Marine Coverage	116,509
Boiler and Machinery (\$500 deductible)	included above
Automobile Liability (\$0 deductible)	2,000,000
Uninsured Motorists (\$0 deductible)	1,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000
Fire Damage Limit	100,000
Medical Expense Limit	5,000

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

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 21). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 10 - RISK MANAGEMENT (Continued)

For fiscal year 2001, the School District participated in the Clermont County Health Trust (the Trust), an insurance purchasing pool, in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries (see Note 21).

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$37,270, \$49,870 and \$70,181, respectively; 37.42 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$23,324 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$327,313, \$189,895 and \$161,725, respectively; 84.5 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$50,722 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$155,043 for fiscal year 2001.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$118,666.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 13 - EMPLOYEE BENEFITS

Compensated Absences

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

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

Teachers, administrators, and non-certified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for all employees. For non-certified employees, upon retirement, payment is made for 25 percent (one payment) or 35% (2 payments) of accrued, but unused sick leave credit to a maximum of 50 days. For certified employees, the School District is offering a retirement incentive during the first year that an employee becomes eligible to retire. The incentive is 60% (three payments) or 50% (two payment) of accrued, but unused sick leave, up to a maximum of 220 days. If certified employees do not elect retirement in their first year of eligibility, payment is made for 25 percent (one payment) or 35% (two payments) of accrued, but unused sick leave credit to a maximum of 220 days.

NOTE 14 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

General fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$400,264 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 totaled \$81,965.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

Fiscal Year Ending June 30,	Payment
2002	\$92,215
2003	46,107
Total Minimum Lease Payments	138,322
Less: Amount Representing Interest	(7,032)
Present Value of Minimum Lease Payments	\$131,290

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 15 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001, were as follows:

	Amount Outstanding 7/1/00	Additions	Deductions	Amount Outstanding 6/30/01
<u>General Obligation Bonds/Loans:</u>				
1996 School Improvement Bonds - 3.4%	\$3,890,000	\$0	\$115,000	\$3,775,000
1992 Energy Conservation Loan - 5.75%	50,000	0	15,000	35,000
Total Long-Term Bonds and Loans	<u>3,940,000</u>	<u>0</u>	<u>130,000</u>	<u>3,810,000</u>
Capital Lease Payable	213,255	0	81,965	131,290
Pension Obligation	64,210	65,696	64,210	65,696
Compensated Absences	538,262	278,608	0	816,870
Total General Long-Term Obligations	<u>\$4,755,727</u>	<u>\$344,304</u>	<u>\$276,175</u>	<u>\$4,823,856</u>

School Improvement Bonds - In March, 1996, the School District issued \$4,255,000 in voted general obligation bonds for the purpose of constructing a new high school. The bonds were issued at an interest rate of 3.4 percent for a 23 year period with final maturity during fiscal year 2019. The bonds will be repaid from the debt service fund.

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

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

The School District's overall legal debt margin was \$4,562,103, an energy conservation debt margin of \$768,866 with an unvoted debt margin of \$89,318 at June 30, 2001.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 15 - LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2001, are as follows:

GENERAL OBLIGATION BONDS

Fiscal year Ending June 30,	Principal	Interest	Total
2002	\$120,000	\$210,650	\$330,650
2003	125,000	205,443	330,443
2004	130,000	199,895	329,895
2005	140,000	193,885	333,885
2006	145,000	187,400	332,400
2007-2011	950,000	681,946	1,631,946
2012-2016	1,250,000	391,000	1,641,000
2017-2019	915,000	70,125	985,125
Total	<u>\$3,775,000</u>	<u>\$2,140,344</u>	<u>\$5,915,344</u>

ENERGY CONSERVATION LOAN

Fiscal year Ending June 30,	Principal	Interest	Total
2002	\$15,000	\$1,581	\$16,581
2003	20,000	575	20,575
Total	<u>\$35,000</u>	<u>\$2,156</u>	<u>\$37,156</u>

NOTE 16 - FUND OBLIGATION

A summary of the fund obligation transactions for the year ended June 30, 2001 are as follows:

Fund Type	Balance at July 1, 2000	Increase	Decrease	Balance at June 30, 2001
<u>General Fund</u>				
2000 State Operating Loan - 0%	\$0	\$778,000	\$0	\$778,000

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 16 - FUND OBLIGATION (Continued)

On April 6, 2001, the Auditor of State declared the School District to be in a state of fiscal watch in accordance with section 3316.03(A) of the Ohio Revised Code. The School District has been granted a state operating loan and has prepared a recovery plan which has been submitted to the State Department of Education for its review. The state operating loan was issued in anticipation of revenues generated from state foundation payments and will mature with the second foundation payment in June, 2003. The liability is reflected in the general fund, the fund which received the loan proceeds and will make the loan payments.

NOTE 17 - INTERFUND ACTIVITY

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivables	Interfund Payables
General Fund	\$5,185	\$0
Agency Fund:		
Student Activities	0	5,185
Total All Funds	\$5,185	\$5,185

NOTE 18 - SET-ASIDE CALCULATIONS

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

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 18 - SET-ASIDE CALCULATIONS (Continued)

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2000	(\$1,979)	\$0	\$85,507
Current Year Set-aside Requirement	155,181	155,181	0
Reduction in Requirement Based on Revised Legislation	0	0	(53,099)
Current Year Offsets	0	(101,443)	0
Qualifying Disbursements	(144,920)	(157,954)	(32,408)
Set-aside Reserve Balance as of June 30, 2001	<u>\$8,282</u>	<u>(\$104,216)</u>	<u>\$0</u>
Required Set-aside Balances Carried Forward to FY 2002	<u>\$8,282</u>	<u>\$0</u>	<u>\$0</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amount for capital acquisitions to below zero, this extra amount may not be used to reduce the set-aside requirements of future years and is therefore not presented as being carried forward to the next fiscal year. The total reserve balance for the three set-asides at the end of the fiscal year was \$8,282. The School District set aside additional money in excess of statutory requirements for the textbooks and capital acquisition. These amounts are presented on the balance sheet as a designation of fund balance rather than as a reserve and are therefore not included in restricted assets.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and preschool program. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2001.

	Food Service	Preschool	Total Enterprise Funds
Operating Revenues	\$243,852	\$6,100	\$249,952
Depreciation Expense	9,726	0	9,726
Operating Loss	(84,640)	(34,285)	(118,925)
Donated Commodities	14,896	0	14,896
Federal and State Subsidies	58,600	0	58,600
Operating Transfers	0	44,858	44,858
Net Income (Loss)	(8,568)	10,573	2,005
Net Working Capital	17,010	4,591	21,601
Total Assets	188,847	4,591	193,438
Total Equity	130,928	4,591	135,519
Encumbrances Outstanding at June 30, 2001	(5,296)	0	(5,296)

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. Hamilton/Clermont Cooperative Association

The Williamsburg Local School District is a participant in a two county consortium of school districts to operate The Hamilton/Clermont Cooperative Association (H/CCA). H/CCA is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of H/CCA consists of one representative from each of the participating members. The School District paid \$4,051 for services provided during the fiscal year. Complete financial statements for H/CCA can be obtained from Al Porter, Director, at their administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. 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 district's elected board 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, Patti Patton, who serves as Treasurer, at 3046 State Route 125, Bethel, Ohio 45106.

NOTE 21 - INSURANCE PURCHASING POOL

A. Clermont County Health Trust

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

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

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

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 22 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. Litigation

The School District is not party to legal proceedings.

NOTE 23 - SUBSEQUENT EVENT

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

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

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

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

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

**Williamsburg Local School District
Clermont County**

**Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)**

NOTE 23 - SUBSEQUENT EVENT (Continued)

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

NOTE 24 - FISCAL WATCH

A calculation in revenue collected by the Clermont County Auditor was overestimated by approximately \$748,125. This total was paid directly by the company to the District, but was also still shown in the county collection and districts receipts. This error was discovered by the District in January 2001. An audit by the State Auditor's Office confirmed the miscalculation and the District was placed in Fiscal Watch April 6, 2001. The District has submitted a Financial Recovery Plan including obtaining the Emergency School Advancement Fund Loan for \$778,000, staff reduction and transportation reconstruction.

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**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program		10.550		\$14,516		\$14,896
National School Lunch Program		10.555	\$62,208		\$62,208	
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>62,208</u>	<u>14,516</u>	<u>62,208</u>	<u>14,896</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF-99 6B-SF-00	84.027	53,664		3,117 49,305	
Total Special Education Cluster			<u>53,664</u>		<u>52,422</u>	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-00 C1-S1-01	84.010	21,000 158,827		33,809 148,462	
			<u>179,827</u>		<u>182,271</u>	
Drug-Free Schools Grant	DR-S1-99 DR-S1-00 DR-S1-01	84.186		4,641	669 988 3,223	
			<u>4,641</u>		<u>4,880</u>	
Goals 2000 Grant	G2-S2-00 G2-S6-00	84.276	13,680 12,000		2,678 8,536	
			<u>25,680</u>		<u>11,214</u>	
Eisenhower Professional Development Grant	MS-S1-00 MS-S1-01	84.281	4,670		1,166 2,356	
			<u>4,670</u>		<u>3,522</u>	
Innovative Educational Program Strategies	C2-S1-99 C2-S1-00 C2-S1-01	84.298		5,539	96 4,439 3,890	
			<u>5,539</u>		<u>8,425</u>	
Comprehensive School Reform	RF-S1-99 RF-S1-00	84.332			22,633 75,000	
			<u>0</u>		<u>97,633</u>	
Title VI-R	CR-S1-00 CR-S1-01	84.340	6,791 21,727		12,562 11,487	
			<u>28,518</u>		<u>24,049</u>	
Total Department of Education			<u>302,539</u>		<u>384,416</u>	
Totals			<u><u>\$364,747</u></u>	<u><u>\$14,516</u></u>	<u><u>\$446,624</u></u>	<u><u>\$14,896</u></u>

The accompanying notes are an integral part of this schedule.

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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



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

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

To the Board of Education:

We have audited the financial statements of the Williamsburg Local School District, Clermont County, (the District) as of and for the fiscal year ended June 30, 2001, and have issued our report thereon dated December 17, 2001 wherein we noted that the District is experiencing financial difficulties. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-10413-001 and 2001-10413-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated December 17, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2001-10413-001 and 2001-10413-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financials statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable conditions listed above are material weakness.

We also noted other matters involving the internal control structure over financial reporting that do not require inclusion in this report that we have reported to the management of the District in a separate letter dated December 17, 2001.

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

Jim Petro
Auditor of State

December 17, 2001



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

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

To The Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

Williamsburg Local School District
Clermont County
Report of Independent Accountants on Compliance with Requirements
Applicable to Each Major Federal Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Jim Petro
Auditor of State

December 17, 2001

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title 1- CFDA #84.010 Title VI-B - CFDA #84.027
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2001-10413-001

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 5705.41(D), prohibits a subdivision or taxing unit from making any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This Section also provides for two exceptions to the above requirements:

- Then-and-Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board Members may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- If the amount involved is less than \$1,000, the fiscal officer may authorize payment through a Then-and-Now Certificate without affirmation of the Board Members, if such expenditure is otherwise valid.

Prior certification was not obtained for 25% of vouchers reviewed and neither of the exceptions provided for above was used. This was the result of the District not encumbering the entire invoice price, including shipping and handling, prior to the purchase with a purchase order or certifying the difference with a Then-and-Now certification. We recommend purchase orders be issued in advance of the purchase to certify the funds are available and Then-and-Now certifications be used in the event the invoice is greater than the purchase order.

FINDING NUMBER 2001-10413-002

Material Noncompliance/Reportable Condition

Ohio Rev. Code, Section 9.38, requires that public money must be deposited with the Treasurer or to a designated depository within twenty-four hours. Additionally, the Board has adopted a policy regarding the collection of receipts which states that all receipts collected must be turned over to the appropriate school official for deposit within twenty-four hours or three days for amounts under \$1,000 that are safeguarded.

During the audit, it was noted on several occasions that the Athletic Director failed to deposit receipts timely. Cash not immediately deposited could be susceptible to theft. Therefore, we recommend that all employees follow the guidelines adopted by the Board regarding the collection of receipts which states that all receipts collected must be turned over to the appropriate school official for deposit within twenty-four hours or three days for amounts under \$1,000 that are safeguarded during the intervening period.

FINDING NUMBER 2001-10413-002
(continued)

Furthermore, the Athletic Director prepares a "Game Report" form to record the amount of tickets sold and money collected for an athletic event. This form reconciles the tickets used for an athletic event to the money collected. During our testing of the "Game Report" forms, we noted the following internal control deficiencies:

- "Game Report" forms were not always signed by the ticket takers or approved by the Athletic Director.
- Usually, more money was turned in to the Treasurer's office than was calculated on the "Game Report" form.

Failure to review and approve these "Game Report" forms could result in discrepancies between the amount collected and the amount deposited. Discrepancies between the amount collected and the amount that should have been collected could result in monies being misappropriated.

We recommend the following in order to improve the District's internal controls over athletic event receipts:

- We recommend that the games' ticket takers and the Athletic Director sign off on the "Game Report" forms to assure review for accuracy and approval of the form.
- We recommend that the Athletic Director reconcile the cash box to the change fund and tickets sold. Any overages/shortages should be noted on the "Game Report" form in order to accurately account for all monies collected and as a control that someone is comparing the amount that should have been collected with the amount that was actually collected and investigating the differences.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-10413-001	ORC 5705.10, states that monies paid into a fund must be used only for the purpose the fund was established. The General Fund had a negative fund balance at June 30, 2000.	No	Partially Corrected: The General Fund had a negative balance at different points during the year, however, a state solvency loan was received which increased the General Fund balance to a positive fund balance at year end. This ORC section is still reported to management in a separate letter.



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WILLIAMSBURG LOCAL SCHOOL DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 15, 2002**