



**WEST CLERMONT LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management & 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. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

March 13, 2000

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Equity in Pooled Cash and Investments	\$12,650,134	\$568,726	\$344,748	\$2,174,218
Restricted Pooled Cash and Investments	592,763	0	0	0
Receivables:				
Taxes	25,742,202	0	1,336,214	0
Intergovernmental	0	58,047	0	0
Accounts	22,601	684	0	0
Interfund Receivable	232,578	0	0	0
Inventory	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0
Total Assets & Other Debits	<u>\$39,240,278</u>	<u>\$627,457</u>	<u>\$1,680,962</u>	<u>\$2,174,218</u>
Liabilities, Fund Equity & Other Credits:				
Liabilities:				
Accounts Payable	\$1,043,479	\$35,633	\$0	\$22,239
Accrued Wages & Benefits	4,479,093	104,832	0	0
Compensated Absences Payable	96,747	0	0	0
Interfund Payable	0	56,431	173,000	0
Deferred Revenue	22,384,302	0	1,137,414	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Notes Payable	0	0	1,300,000	0
Total Liabilities	<u>28,003,621</u>	<u>196,896</u>	<u>2,610,414</u>	<u>22,239</u>
Fund Equity & Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	787,834	82,341	0	155,105
Reserved for Property Tax Advances	3,357,900	0	198,800	0
Reserved For Set-Asides	592,763	0	0	0
Unreserved & Undesignated	6,498,160	348,220	(1,128,252)	1,996,874
Total Fund Equity (Deficit) & Other Credits	<u>11,236,657</u>	<u>430,561</u>	<u>(929,452)</u>	<u>2,151,979</u>
Total Liabilities, Fund Equity & Other Credits	<u>\$39,240,278</u>	<u>\$627,457</u>	<u>\$1,680,962</u>	<u>\$2,174,218</u>

See accompanying notes.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$291,414	\$77,905	\$0	\$0	\$16,107,145
0	0	0	0	592,763
0	0	0	0	27,078,416
0	0	0	0	58,047
416	0	0	0	23,701
0	0	0	0	232,578
35,028	0	0	0	35,028
82,605	0	57,180,284	0	57,262,889
0	0	0	(929,452)	(929,452)
0	0	0	18,338,568	18,338,568
<u>\$409,463</u>	<u>\$77,905</u>	<u>\$57,180,284</u>	<u>\$17,409,116</u>	<u>\$118,799,683</u>
\$709	\$865	\$0	\$0	\$1,102,925
49,943	0	0	319,049	4,952,917
40,209	0	0	2,810,067	2,947,023
0	3,147	0	0	232,578
24,999	0	0	0	23,546,715
0	69,351	0	0	69,351
0	0	0	14,280,000	14,280,000
0	0	0	0	1,300,000
<u>115,860</u>	<u>73,363</u>	<u>0</u>	<u>17,409,116</u>	<u>48,431,509</u>
0	0	57,180,284	0	57,180,284
293,603	0	0	0	293,603
0	0	0	0	1,025,280
0	0	0	0	3,556,700
0	0	0	0	592,763
0	4,542	0	0	7,719,544
<u>293,603</u>	<u>4,542</u>	<u>57,180,284</u>	<u>0</u>	<u>70,368,174</u>
<u>\$409,463</u>	<u>\$77,905</u>	<u>\$57,180,284</u>	<u>\$17,409,116</u>	<u>\$118,799,683</u>

West Clermont Local School District
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balance
 All Governmental Fund Types and Expendable Trust Funds
 For the Year Ended June 30, 1999

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$27,634,308	\$0	\$1,503,216	\$0	\$0	\$29,137,524
Intergovernmental	21,354,537	1,728,504	146,584	0	0	23,229,625
Investment	1,008,849	2,127	0	2,975	37	1,013,988
Tuition & Fees	173,313	21,999	0	0	0	195,312
Extracurricular Activities	0	510,811	0	0	0	510,811
Miscellaneous	197,430	193,649	0	0	0	391,079
Total Revenues	50,368,437	2,457,090	1,649,800	2,975	37	54,478,339
Expenditures:						
Current:						
Instruction:						
Regular	24,653,657	254,050	0	770,446	0	25,678,153
Special	5,108,351	864,202	0	0	0	5,972,553
Vocational	196,271	0	0	0	0	196,271
Other	0	0	0	0	315	315
Support Services:						
Pupils	1,496,900	516,624	0	0	0	2,013,524
Instructional Staff	1,256,686	676,368	0	0	0	1,933,054
Board of Education	32,144	0	0	0	0	32,144
Administration	2,881,440	19,583	0	0	0	2,901,023
Fiscal	926,737	0	9,284	0	0	936,021
Business	33,010	0	0	0	0	33,010
Operation & Maintenance of Plant	3,930,779	0	0	0	0	3,930,779
Pupil Transportation	3,702,196	0	0	0	0	3,702,196
Central	53,575	0	0	0	0	53,575
Operation of Non-Instructional Services	0	13,779	0	0	0	13,779
Extracurricular Activities	408,075	269,593	0	0	0	677,668
Capital Outlay	1,558,452	0	0	729,254	0	2,287,706
Debt Service:						
Principal Retirement	0	0	370,000	0	0	370,000
Interest & Fiscal Charges	0	0	936,435	0	0	936,435
Total Expenditures	46,238,273	2,614,199	1,315,719	1,499,700	315	51,668,206
Excess of Revenues Over (Under) Expenditures	4,130,164	(157,109)	334,081	(1,496,725)	(278)	2,810,133
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	10,868	0	0	0	0	10,868
Operating Transfers In	371,000	0	159,500	0	2,059	532,559
Operating Transfers Out	(532,559)	0	0	0	0	(532,559)
Total Other Financing Sources (Uses)	(150,691)	0	159,500	0	2,059	10,868
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	3,979,473	(157,109)	493,581	(1,496,725)	1,781	2,821,001
Fund Balance, Beginning of Year (as restated)	7,257,184	587,670	(1,423,033)	3,648,704	2,761	10,073,286
Fund Balance, End of Year	\$11,236,657	\$430,561	(\$929,452)	\$2,151,979	\$4,542	\$12,894,287

See accompanying notes.

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West Clermont Local School District
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 All Governmental Fund Types
 For the Year Ended June 30, 1999

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Taxes	\$24,979,524	\$24,979,524	\$0	\$0	\$0	\$0
Intergovernmental	20,560,834	21,366,637	805,803	1,862,206	1,846,430	(15,776)
Investment	911,172	990,569	79,397	2,078	2,078	0
Tuition & Fees	122,207	173,301	51,094	22,073	22,099	26
Extracurricular Activities	0	0	0	503,249	511,249	8,000
Miscellaneous	197,791	198,808	1,017	190,954	193,350	2,396
Total Revenues	46,771,528	47,708,839	937,311	2,580,560	2,575,206	(5,354)
Expenditures:						
Current:						
Instruction:						
Regular	24,191,456	24,271,094	(79,638)	256,192	256,192	0
Special	5,081,767	5,128,793	(47,026)	962,309	962,309	0
Vocational	186,001	186,183	(182)	0	0	0
Support Services:						
Pupils	1,512,327	1,534,546	(22,219)	540,631	511,493	29,138
Instructional Staff	1,319,521	1,355,611	(36,090)	834,739	725,521	109,218
Board of Education	27,125	31,450	(4,325)	0	0	0
Administration	3,267,271	3,272,166	(4,895)	21,595	21,595	0
Fiscal	884,685	883,970	715	0	0	0
Business	39,547	39,547	0	0	0	0
Operation & Maintenance of Plant	4,242,149	4,572,838	(330,689)	0	0	0
Pupil Transportation	3,601,070	3,604,232	(3,162)	0	0	0
Central	68,490	68,490	0	0	0	0
Operation of Non-Instructional Services	0	0	0	12,615	10,899	1,716
Extracurricular Activities	410,939	410,406	533	293,333	272,998	20,335
Capital Outlay	2,238,339	2,238,339	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest & Fiscal Charges	0	0	0	0	0	0
Total Expenditures	47,070,687	47,597,665	(526,978)	2,921,414	2,761,007	160,407
Excess (Deficiency) of Revenues Over Under Expenditures	(299,159)	111,174	410,333	(340,854)	(185,801)	155,053
Other Financing Sources (Uses):						
Proceeds of Notes	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	10,868	10,868	0	0	0	0
Operating Transfers In	0	371,000	371,000	0	0	0
Operating Transfers Out	(532,559)	(532,559)	0	0	0	0
Advances In	0	130,785	130,785	0	56,430	56,430
Advances Out	0	(232,576)	(232,576)	0	(76,738)	(76,738)
Total Other Financing Sources (Uses)	(521,691)	(252,482)	269,209	0	(20,308)	(20,308)
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(820,850)	(141,308)	679,542	(340,854)	(206,109)	134,745
Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)	11,545,381	11,545,381	0	667,548	667,548	0
Fund Balance, End of Year	\$10,724,531	\$11,404,073	\$679,542	\$326,694	\$461,439	\$134,745

See accompanying notes.

Debt Service			Capital Projects			Totals (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$1,342,300	\$1,342,300	\$0	\$0	\$0	\$0	\$26,321,824	\$26,321,824	\$0
146,584	146,584	0	0	0	0	22,569,624	23,359,651	790,027
0	0	0	59,566	59,566	0	972,816	1,052,213	79,397
0	0	0	0	0	0	144,280	195,400	51,120
0	0	0	0	0	0	503,249	511,249	8,000
0	0	0	0	0	0	388,745	392,158	3,413
1,488,884	1,488,884	0	59,566	59,566	0	50,900,538	51,832,495	931,957
0	0	0	845,973	796,222	49,751	25,293,621	25,323,508	(29,887)
0	0	0	0	0	0	6,044,076	6,091,102	(47,026)
0	0	0	0	0	0	186,001	186,183	(182)
0	0	0	0	0	0	2,052,958	2,046,039	6,919
0	0	0	0	0	0	2,154,260	2,081,132	73,128
0	0	0	0	0	0	27,125	31,450	(4,325)
0	0	0	0	0	0	3,288,866	3,293,761	(4,895)
21,845	21,845	0	0	0	0	906,530	905,815	715
0	0	0	0	0	0	39,547	39,547	0
0	0	0	0	0	0	4,242,149	4,572,838	(330,689)
0	0	0	0	0	0	3,601,070	3,604,232	(3,162)
0	0	0	0	0	0	68,490	68,490	0
0	0	0	0	0	0	12,615	10,899	1,716
0	0	0	0	0	0	704,272	683,404	20,868
0	0	0	1,487,486	1,487,486	0	3,725,825	3,725,825	0
1,770,000	1,770,000	0	0	0	0	1,770,000	1,770,000	0
936,435	936,435	0	0	0	0	936,435	936,435	0
2,728,280	2,728,280	0	2,333,459	2,283,708	49,751	55,053,840	55,370,660	(316,820)
(1,239,396)	(1,239,396)	0	(2,273,893)	(2,224,142)	49,751	(4,153,302)	(3,538,165)	(615,137)
1,300,000	1,300,000	0	0	0	0	1,300,000	1,300,000	0
0	0	0	0	0	0	10,868	10,868	0
159,500	159,500	0	0	0	0	159,500	530,500	371,000
0	0	0	0	0	0	(532,559)	(532,559)	0
0	173,000	173,000	0	0	0	0	360,215	360,215
0	(48,356)	(48,356)	0	0	0	0	(357,670)	(357,670)
1,459,500	1,584,144	124,644	0	0	0	937,809	1,311,354	373,545
220,104	344,748	124,644	(2,273,893)	(2,224,142)	49,751	(3,215,493)	(2,226,811)	(988,682)
0	0	0	4,221,015	4,221,015	0	16,433,944	16,433,944	0
\$220,104	\$344,748	\$124,644	\$1,947,122	\$1,996,873	\$49,751	\$13,218,451	\$14,207,133	\$988,682

West Clermont Local School District
 Combined Statement of Revenues, Expenses
 And Changes in Retained Earnings
 Proprietary Fund Type
 For the Year Ended June 30, 1999

	<u>Enterprise</u>
Operating Revenues:	
Charges for Services	\$269,154
Miscellaneous Revenue	701
Sales	<u>1,271,545</u>
Total Operating Revenues	<u>1,541,400</u>
Operating Expenses:	
Salaries	686,788
Fringe Benefits	116,104
Purchased Services	28,968
Materials & Supplies	
Cost of Sales	1,970
Depreciation	30,985
Other Operating Expenses	<u>85</u>
Total Operating Expenses	<u>1,927,121</u>
Operating Income (Loss)	<u>(385,721)</u>
Non-Operating Revenues (Expenses):	
Investment Revenue	2,077
Donated Commodities	113,919
Operating Grants - State & Local	21,740
Operating Grants - Federal	<u>371,369</u>
Total Non-Operating Revenues	<u>509,105</u>
Net Income	123,384
Retained Earnings, Beginning of Year (as restated)	<u>170,219</u>
Retained Earnings, End of Year	<u><u>\$293,603</u></u>

See accompanying notes.

West Clermont Local School District
 Combined Statement of Cash Flows
 Proprietary Fund Type
 For the Year Ended June 30, 1999

	<u>Enterprise</u>
Cash Flows from Operating Activities:	
Cash Received from Sales	\$1,271,545
Cash Received from Charges for Services	268,738
Cash Received from Miscellaneous Sources	701
Cash Payments for Personal Services	(973,092)
Cash Payments for Contract Services	(28,968)
Cash Payments for Supplies & Materials	(940,609)
Cash Payments for Other Expenses	<u>(85)</u>
Net Cash Provided (Used) by Operating Activities	<u>(401,770)</u>
Cash Flows from Non-Capital Financing Activities:	
Cash Received from Operating Grants	393,109
Cash Received from Investment Earnings	<u>2,077</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>395,186</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	<u>(3,148)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(3,148)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(9,732)
Cash and Cash Equivalents at Beginning of Year	<u>301,146</u>
Cash and Cash Equivalents at End of Year	<u><u>\$291,414</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	(\$385,721)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	30,985
Donated Commodities Used	113,919
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivables	(416)
(Increase) Decrease in Accrued Interest	11,482
Increase (Decrease) in Accounts Payable	522
Increase (Decrease) in Accrued Wages & Benefits	(168,436)
Increase (Decrease) in Compensated Absences Payable	(1,764)
Increase (Decrease) in Deferred Revenue	<u>(2,341)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$401,770)</u></u>

See accompanying notes.

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

1. DESCRIPTION OF THE DISTRICT

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Potential component units were reviewed for possible inclusion in the reporting entity. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

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

The following activities are included within the reporting entity:

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

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

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

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

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

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

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

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

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

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

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

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

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

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

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

C. Measurement Focus/Basis of Accounting

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

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

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

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

D. Budgetary Data

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

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

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(Continued)

- 2) Expenditures are recorded when encumbered, or paid in cash (budget), as opposed to when susceptible to accrual (GAAP).

The actual results of operations, compared to the final appropriation, for each fund type by expenditure function and revenue by source are presented in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (non-GAAP Budgetary Basis). The reserve for encumbrances is carried forward as part of the budgetary authority for the next year and is included in the revised budget amounts shown in the budget to actual comparisons. The District is required by state statute to adopt an annual appropriated budget for all Governmental Fund types. The specific timetable is as follows:

1. Prior to January 15 of the preceding fiscal year, the Treasurer submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing or increased tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts by formal resolution the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund and function level of expenditures, which are legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation or the total function appropriations within a fund must be approved by the Board of Education.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriation amounts. All supplemental appropriations were legally enacted by the Board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund and function level.

E. Encumbrances

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

F. Cash and Investments

Cash received by the District is deposited in a cash and investment pool used by all funds. Monies for all funds are maintained in these accounts or are temporarily used to purchase short-term cash equivalent investments. State Statute authorizes the District to invest in obligations of the U.S. Treasury, commercial paper and repurchase agreements (see Note 3 for a complete description of deposits and investments allowed by state statute). Under existing Ohio statutes, all investment earnings accrue to the General Fund except those specifically related to Agency Funds, certain Trust Funds, and those funds individually authorized by Board resolution. During the current fiscal year, investments were limited to U. S. Treasury Notes, U.S. Government Obligations, Commercial Paper, Money Market Accounts and STAROhio.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

Restricted cash in the general fund represents cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

G. Inventory (Materials and Supplies)

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

H. Fixed Assets and Depreciation

1. General Fixed Assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than 5 years.

2. Proprietary Funds - Equipment reflected in the Proprietary Funds is stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

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

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for enterprise fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

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

Entitlements

General fund

State Foundation Program
State Property Tax Relief
School Bus Program

Non-Reimbursable Grants

Special revenue funds

Public School Support
Auxiliary Services
Education Management Information Systems
Disadvantaged Pupil Impact Aid
Eisenhower Math/Science Grant
Title VI-B
Carl Perkins Grant
Title I
Title VI
Drug Free Grant
Preschool Grant
Raising the Bar Grant

Capital Project Funds

School Net
School Net Plus

Reimbursable Grants

General Fund

Driver Education

Enterprise Funds

National School Lunch Program
Governmental Donated Commodities

J. Compensated Absences

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

1. The employee's right to receive compensation is attributable to services already rendered.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

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

K. Interfund Transactions

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

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

L. Long-Term Obligations

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

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

M. Fund Equity

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

N. Memorandum Only - Total Columns

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

O. Proprietary Fund Accounting

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

3. EQUITY IN POOLED CASH AND INVESTMENT

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

State legislation permits interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and,
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year-end the carrying amount of the District's deposits was \$576,695. The bank balance of deposits was \$1,018,128 and of the bank balance, \$300,000 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized as defined by GASB. Although the securities were held by the pledging financial institutions' trust department in the District's name and all statutory requirements for the investment of the money had been followed, noncompliance with the federal requirements would potentially subject the money held in the District's name to a successful claim by the FDIC.

Cash on Hand: At year-end, the School District had \$150 in undeposited cash on hand, which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents.

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end.

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

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

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

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

<u>INVESTMENTS</u>	<u>RISK CATEGORY</u>	<u>CARRYING VALUE/ FAIR VALUE</u>
Money Market	Category 3	\$452,756
(1) State Treasury Pool (Star Ohio)	N/A	1,189,645
U.S. Treasury Bonds	Category 3	11,548,641
Commercial Paper	Category 3	<u>2,932,021</u>
		<u>\$16,123,063</u>

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

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

4. PROPERTY TAXES

Property taxes include amounts levied against real, public utility and tangible personal (business) property. The assessed value, by property classification, upon which taxes collected in 1999 were based, are as follows:

Tangible Personal	\$141,117,337
Public Utility and Real Estate	<u>793,141,480</u>
Total Assessed Property Value	<u>\$934,258,817</u>

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

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

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

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

5. FIXED ASSETS

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

<u>Class</u>	<u>7-01-98</u>	<u>Additions</u>	<u>Deletions</u>	<u>6-30-99</u>
Land & Land Improvements	\$ 1,930,893	\$ 0	\$ 0	\$ 1,930,893
Building & Building Improvements	43,079,996	2,996,133	0	46,076,129
Furniture, Fixtures & Equipment	5,524,547	809,478	0	6,334,025
Vehicles	<u>2,802,290</u>	<u>36,947</u>	<u>0</u>	<u>2,839,237</u>
Totals	<u>\$53,337,726</u>	<u>\$3,842,558</u>	<u>\$ 0</u>	<u>\$57,180,284</u>

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

Equipment	\$1,230,400
Less Accumulated Depreciation	<u>(1,147,795)</u>
Net Fixed Assets	<u>\$ 82,605</u>

6. SHORT TERM OBLIGATIONS

A summary of the short term note transactions for the year ended June 30, 1999 are as follows:

<u>Fund Type</u>	<u>Balance June 30, 1998</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 1999</u>
Debt Service	\$1,400,000	\$1,300,000	\$1,400,000	\$1,300,000

Energy Conservation Loan

In 1996 West Clermont Local School District issued \$1,600,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for ten years with a final maturity in 2006. The debt will be repaid with property taxes, and the debt will retired from the debt service fund.

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

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

During the year-ended June 30, 1999, the following changes occurred in the General Long-Term Obligations Account Group:

	Balance Beginning <u>of Year</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>End of Year</u>
General Obligation Bonds	\$14,650,000	\$ 0	(\$370,000)	\$14,280,000
Compensated Absences	3,095,001	0	(284,934)	2,810,067
Accrued Wages and Benefits	<u>223,838</u>	<u>95,211</u>	<u>0</u>	<u>319,049</u>
TOTAL	<u>\$17,968,839</u>	<u>\$95,211</u>	<u>(\$654,934)</u>	<u>\$17,409,116</u>

8. LONG-TERM DEBT

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

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

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 6/30/98</u>	<u>Issued 1999</u>	<u>Retired 1999</u>	<u>Balance 6/30/99</u>
School Improvement Bonds	6.035%	05/01/95	12/01/18	\$12,350,000	0	\$270,000	\$12,080,000
School Improvement Bonds	6.690%	06/01/95	12/01/20	<u>2,300,000</u>	<u>0</u>	<u>100,000</u>	<u>2,200,000</u>
TOTAL				<u>\$14,650,000</u>	<u>\$ 0</u>	<u>\$370,000</u>	<u>\$14,280,000</u>

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

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

<u>General Obligation Bonds</u>		
Year-ending	<u>Principal</u>	<u>Interest</u>
<u>June 30</u>		
2000	390,000	\$857,490
2001	410,000	836,630
2002	430,000	814,395
2003	455,000	790,771
2004	480,000	765,505
Thereafter	<u>12,115,000</u>	<u>6,632,248</u>
Total	<u>\$14,280,000</u>	<u>\$10,697,039</u>

9. SEGMENT INFORMATION

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

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Fund</u>
Operating Revenue	\$1,272,362	\$269,038	\$1,541,400
Operating Expenses Before Depreciation	1,619,937	276,199	1,896,136
Depreciation	30,985	0	30,985
Operating Income (Loss)	(392,882)	7,161	(385,721)
Operating Grants	393,109	0	393,109
Donated Commodities	113,919	0	113,919
Investment Revenue	2,077	0	2,077
Net Income (Loss)	116,223	7,161	123,384
Net Working Capital	150,016	60,982	210,998

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

Total Assets	347,772	61,691	409,463
Total Liability	115,151	709	115,860
Total Equity	232,621	60,982	293,603

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute 14%. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ending June 30, 1999, 1998, and 1997 were \$736,176, \$635,968 and \$661,492 respectively. \$528,516 representing the unpaid contribution for fiscal year 1999 is recorded as a liability within the respective funds and is expected to be paid from current available financial resources.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ending June 30, 1999, 1998 and 1997 were \$3,377,316, \$2,294,884, and \$2,920,856, respectively, equal to the required contributions for each year. \$592,388 represents the unpaid contribution for fiscal year 1999, and is recorded as a liability within the respective funds and is expected to be paid from current available financial resources.

C. Post Employment Benefits

For the State Teachers Retirement System, no premiums are currently paid by retirees or primary benefit recipients; however, monthly payments are required for covered spouses and other dependents. Benefits are funded on pay-as-you-go basis through an allocation of employer contributions to the System equal to two percent of covered payroll. As of June 30, 1998 (the latest information available), eligible benefit recipients totaled 91,999 for the System as a whole.

For the School Employees Retirement System, all retirees with a retirement date prior to July 1, 1986, are eligible to receive benefits. Retirees with a retirement date on or after July 1, 1986, must have ten years of service credit to be eligible to receive benefits. Retirees with retirement dates on or after July 1, 1989, who have ten to twenty-five years of service credit must pay a portion of their own coverage. Retirees with a retirement date prior to July 1, 1989, and retirees with a retirement date on or after July 1, 1989 with more than twenty-five years of service credit do not pay a premium. Premium payments are required for all covered spouses and dependents. For this fiscal year, employer contributions to fund health care benefits were 6.30 percent of covered payroll.

As of June 30, 1998 (the latest information available), the number of retirees and covered dependents currently receiving benefits was approximately 50,000. Actuarial contribution requirements are determined for the SERS as a whole, not for individual employers. Net assets available for payment of benefits at June 30, 1998 (the latest information available) was \$160.3 million for the System as a whole. Health care benefits are financed on a pay as-you-go basis.

11. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. A reconciliation of the nature and amounts of the adjustments necessary to convert the GAAP financial statements to the budgetary basis follows:

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

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

<u>Governmental Fund Types</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>
GAAP Basis	\$3,979,473	(\$157,109)	\$493,581	(1,496,725)
Net Adjustment for Revenue Accruals	(2,528,813)	174,546	1,312,084	56,591
Net Adjustment for Expenditure Accruals	239,345	(100,604)	(1,460,917)	(606,664)
Net Adjustment for Encumbrances	<u>(1,831,313)</u>	<u>(122,942)</u>	<u>0</u>	<u>(177,344)</u>
Budgetary Basis	<u>(\$ 141,308)</u>	<u>(\$206,109)</u>	<u>\$ 344,748</u>	<u>(\$2,224,142)</u>

12. COMPLIANCE AND ACCOUNTABILITY

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

Fund Deficits:

Fund balances at June 30, 1999, included the following individual fund deficits:

Debt Service Fund

Bond Retirement	\$929,452
-----------------	-----------

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

13. CONTINGENT LIABILITIES

Grants - The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. Management is unable to estimate possible claims resulting from such audits until the audits have been completed. However, in the opinion of management, any such disallowed claims

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District.

14. JOINTLY GOVERNED ORGANIZATIONS

The Hamilton Clermont Cooperative Association/Unified Purchasing Association

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

The Great Oaks Joint Vocational School District

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

15. RISK MANAGEMENT

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

A summary of significant coverage follows:

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

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

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

16. INSURANCE PURCHASING POOL

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

The Clermont County Health Trust (the Trust), an insurance purchasing pool, is a health trust formed to provide affordable and desirable dental, life, medical, and other disability group

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999

(Continued)

insurance for member's employees, eligible dependents and designated beneficiaries of such employees. The Board of Directors consists of one representative from each of the participating members and are elected by the vote of a majority of the member school districts. The School District pays premiums to a third party administrator, McElroy Minister, which in turn buys the insurance policies from various insurance companies. Upon termination, the School District shall be responsible for prompt payment of all plan liabilities accruing as a result of such termination and maintain no right to any assets of the Trust. The School District may terminate participation in the Trust for the benefit 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 the Clermont County Health Trust at P.O. Box 526 Middletown, Ohio 45042.

17. UNCERTAINTIES

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amount of monetary support to this District. During the fiscal year-ended June 30, 1999, the School District received \$18,914,948 of school foundation support for its general fund.

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

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

18. LITIGATION

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

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

19. STATUTORY RESERVES

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

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

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$ 0	\$ 0	\$233,129	\$233,129
Current Year Set-aside Requirement	719,267	719,267	359,634	1,798,168
Current Year Offsets	(131,079)	(719,267)	0	(850,346)
Qualifying Disbursements	<u>(588,188)</u>	<u>0</u>	<u>0</u>	<u>(588,188)</u>
Set-aside Cash Balance as of June 30, 1999	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$592,763</u>	<u>\$592,763</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts for textbooks and instructional materials to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Qualifying disbursements for textbooks and instructional materials during the year were \$901,569, which exceeded the required set-aside and the reserve balance.

20. PRIOR PERIOD ADJUSTMENT

An appraisal of fixed assets and inventory in fiscal year 1999 and correction of posting errors had the following effect on the fund balances for the following fund types as they were previously reported as of June 30, 1998.

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Enterprise</u>	<u>General Fixed Assets Account Group</u>
Fund Balance at June 30, 1998	\$7,402,183	\$529,202	\$3,711,325	\$464,648	\$55,412,854
Revaluation	0	0	0	(294,281)	(2,075,128)
Correction of an Error	<u>(144,999)</u>	<u>58,468</u>	<u>(62,621)</u>	<u>0</u>	<u>0</u>
Restated Fund Balance at June 30, 1998	<u>\$7,257,184</u>	<u>\$587,670</u>	<u>\$3,648,704</u>	<u>\$170,367</u>	<u>\$53,337,726</u>

The Non-GAAP Budgetary Basis fund balance of the Capital Projects fund type at June 30, 1998 has been restated to \$4,221,015 to correct an error.

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$108,098	\$0	\$113,919
School Breakfast Program	05-PU-98 05-PU-99	10.553 10.553	2,757 7,955 <u>10,712</u>		2,757 7,955 <u>10,712</u>	
National School Lunch Program	03-PU-98 03-PU-99 04-PU-98 04-PU-99	10.555 10.555 10.555 10.555	30,506 79,899 64,646 180,529 <u>355,580</u>		30,506 79,899 64,646 180,529 <u>355,580</u>	
Special Milk Program for Children	02-PU-98 02-PU-99	10.556 10.556	1,517 3,411 <u>4,928</u>		1,517 3,411 <u>4,928</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>371,220</u>	<u>108,098</u>	<u>371,220</u>	<u>113,919</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF-97 6B-SF-98	84.027 84.027	17,912 235,880 <u>253,792</u>		45,420 259,419 <u>304,839</u>	
Special Education - Preschool Grant	PG-S1-98	84.173	<u>29,406</u>		<u>29,643</u>	
Total Special Education Cluster			<u>283,198</u>		<u>334,482</u>	
Grants to Local Educational Agencies (ESEA Title I)	CS-S1-98 CS-S1-99	84.010 84.010	31,240 440,012 <u>471,252</u>		81,836 372,164 <u>454,000</u>	
Innovative Educational Program Strategies	C2-S1-98 C2-S1-99	84.298 84.298	11,278 28,833 <u>40,111</u>		23,038 27,389 <u>50,427</u>	
I Drug-Free Schools Grant	DR-S1-98 DR-S1-99	84.186 84.186	18,292 31,841 <u>50,133</u>		19,438 25,944 <u>45,382</u>	
Eisenhower Professional Development Grant	MS-S1-97 MS-S1-98 MS-S1-99	84.281 84.281 84.281	0 8,944 20,381 <u>29,325</u>		9,393 3,189 21,950 <u>34,532</u>	
Technology Literacy Challenge Fund Grants	TF-S1-99	84.318	162,500		191,755	
Goals 2000 State and Local Education Systemic Improvement	G2-S2-99	84.276	20,000		6,417	
<i>Passed Through The Great Oaks Institute of Technology and Career Development:</i>						
Vocational Basic Grants to States	98 99	84.048 84.048	4,992 20,152 <u>25,144</u>		1,459 19,699 <u>21,158</u>	
<i>Direct:</i>						
Telecommunications Act Grant		84.XXX	<u>34,534</u>		<u>34,534</u>	
Total Department of Education			<u>1,116,197</u>		<u>1,172,687</u>	
Total Federal Assistance			<u>\$1,487,417</u>	<u>\$108,098</u>	<u>\$1,543,907</u>	<u>\$113,919</u>

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U. S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U. S. Department are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had an insignificant amount of food commodities in their inventory.



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

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

To the Board of Education:

We have audited the accompanying financial statements of the West Clermont Local School District, Clermont County, Ohio (the District), as of and for the fiscal year ended June 30, 1999, and have issued our report thereon dated March 13, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated March 13, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 13, 2000.

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

Jim Petro
Auditor of State

March 13, 2000



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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**

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

To the Board of Education:

Compliance

We have audited the compliance of West Clermont Local School District, Clermont County, Ohio (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 is applicable to its major federal program for the fiscal year ended June 30, 1999. The District's major federal program is 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 its major federal program 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, West Clermont Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 1999.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

March 13, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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WEST CLERMONT LOCAL SCHOOL DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 11, 2000**