

WYOMING CITY SCHOOL DISTRICT

GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 1999



PLATTENBURG & ASSOCIATES, INC.
CERTIFIED PUBLIC ACCOUNTANTS
CINCINNATI/DAYTON



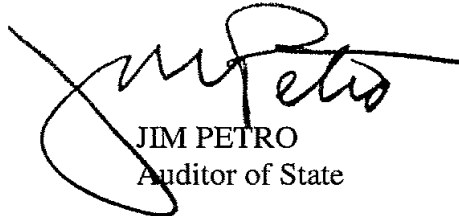
STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Education
Wyoming City School District
Wyoming, Ohio

We have reviewed the Independent Auditor's Report of the Wyoming City School District, Hamilton County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

January 10, 2000



PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountants' Report

December 15, 1999

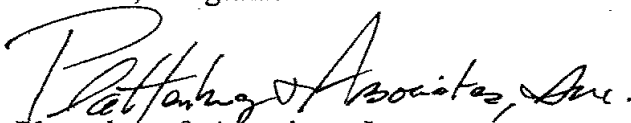
Board of Education
Wyoming City School District

We have audited the accompanying general purpose financial statements of the Wyoming City School District (the District), as of and for the year ended June 30, 1999. 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statements 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 District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund and nonexpendable trust fund for the year then ended, in conformity with generally accepted accounting principles.

In accordance with *Governmental Auditing Standards*, we have also issued a report dated December 15, 1999 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.


Plattenburg & Associates, Inc.
Certified Public Accountants

Wyoming City 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	\$1,183,578	\$125,212	\$111,451	\$17,060,602
Restricted Cash	393,903	0	0	216,712
Receivables:				
Taxes	5,917,615	0	1,303,606	140,740
Intergovernmental	0	1,755	0	0
Accounts	550	0	0	0
Accrued Interest	54	0	0	0
Interfund Receivable	0	0	0	150,000
Inventory	2,977	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	\$7,498,677	\$126,967	\$1,415,057	\$17,568,054
Liabilities, Fund Equity & Other Credits:				
Liabilities:				
Accounts Payable	\$15,400	\$0	\$0	\$3,574,495
Accrued Wages & Benefits	1,946,371	0	0	0
Compensated Absences Payable	118,682	0	0	0
Interfund Payable	150,000	0	0	0
Deferred Revenue	2,655,695	0	839,606	38,240
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Notes Payable	0	0	0	164,600
Total Liabilities	4,886,148	0	839,606	3,777,335
Fund Equity & Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Property Tax Advances	1,504,000	0	464,000	102,500
Reserved for Inventory	2,977	0	0	0
Reserved for Endowments	0	0	0	0
Reserved For Set-Asides	393,903	0	0	0
Unreserved & Undesignated	711,649	126,967	111,451	13,688,219
Total Fund Equity (Deficit) & Other Credits	2,612,529	126,967	575,451	13,790,719
Total Liabilities, Fund Equity & Other Credits	\$7,498,677	\$126,967	\$1,415,057	\$17,568,054

See accompanying notes.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Asscts	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$3,105	\$73,975	\$0	\$0	\$18,557,923
0	0	0	0	610,615
0	0	0	0	7,361,961
3,670	0	0	0	5,425
0	0	0	0	550
0	0	0	0	54
0	0	0	0	150,000
8,135	0	0	0	11,112
24,512	0	18,727,676	0	18,752,188
0	0	0	575,451	575,451
0	0	0	24,533,513	24,533,513
<u>\$39,422</u>	<u>\$73,975</u>	<u>\$18,727,676</u>	<u>\$25,108,964</u>	<u>\$70,558,792</u>
\$340	\$658	\$0	\$0	\$3,590,893
17,079	0	0	84,606	2,048,056
4,046	0	0	1,024,358	1,147,086
0	0	0	0	150,000
6,244	0	0	0	3,539,785
0	58,489	0	0	58,489
0	0	0	24,000,000	24,000,000
0	0	0	0	164,600
<u>27,709</u>	<u>59,147</u>	<u>0</u>	<u>25,108,964</u>	<u>34,698,909</u>
0	0	18,727,676	0	18,727,676
11,713	0	0	0	11,713
0	0	0	0	2,070,500
0	0	0	0	2,977
0	10,118	0	0	10,118
0	0	0	0	393,903
0	4,710	0	0	14,642,996
<u>11,713</u>	<u>14,828</u>	<u>18,727,676</u>	<u>0</u>	<u>35,859,883</u>
<u>\$39,422</u>	<u>\$73,975</u>	<u>\$18,727,676</u>	<u>\$25,108,964</u>	<u>\$70,558,792</u>

Wyoming City 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			
	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Taxes	\$9,581,041	\$0	\$1,235,827	\$319,543
Intergovernmental	3,714,004	491,061	0	148,756
Investment	121,232	0	0	895,767
Tuition & Fees	424,232	0	0	0
Extracurricular Activities	0	113,535	0	0
Miscellaneous	197,971	33,409	0	0
Total Revenues	14,038,480	638,005	1,235,827	1,364,066
Expenditures:				
Current:				
Instruction:				
Regular	7,396,492	204,309	0	0
Special	1,072,814	71,684	0	0
Vocational	78,749	0	0	0
Support Services:				
Pupils	749,884	2,750	0	0
Instructional Staff	269,511	0	0	0
Board of Education	95,427	0	0	462,963
Administration	1,195,622	41,843	0	0
Fiscal	306,084	0	9,162	3,798
Operation & Maintenance of Plant	1,220,966	0	0	804,380
Pupil Transportation	202,041	0	0	0
Central	21,772	5,306	0	0
Operation of Non-Instructional Services	0	86,260	0	0
Extracurricular Activities	353,119	135,187	0	0
Capital Outlay	0	0	0	9,607,251
Debt Service:				
Interest & Fiscal Charges	0	0	651,214	507,237
Total Expenditures	12,962,481	547,339	660,376	11,385,629
Excess of Revenues Over (Under) Expenditures	1,075,999	90,666	575,451	(10,021,563)
Other Financing Sources (Uses):				
Proceeds of Bonds	0	0	21,600,000	2,400,000
Operating Transfers In	120,000	0	0	21,600,000
Operating Transfers Out	0	0	(21,600,000)	(120,000)
Total Other Financing Sources (Uses)	120,000	0	0	23,880,000
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	1,195,999	90,666	575,451	13,858,437
Fund Balance, Beginning of Year	1,425,562	36,301	0	(67,718)
Increase (Decrease) in Reserve for Inventory	(9,032)	0	0	0
Fund Balance, End of Year	\$2,612,529	\$126,967	\$575,451	\$13,790,719

See accompanying notes.

Fiduciary Fund Type	Totals (Memorandum Only)
Expendable Trust	
\$0	\$11,136,411
0	4,353,821
0	1,016,999
0	424,232
0	113,535
<u>10,014</u>	<u>241,394</u>
<u>10,014</u>	<u>17,286,392</u>

7,641	7,608,442
0	1,144,498
0	78,749

0	752,634
0	269,511
0	558,390
0	1,237,465
0	319,044
0	2,025,346
0	202,041
0	27,078
2,150	88,410
0	488,306
0	9,607,251
<u>0</u>	<u>1,158,451</u>

<u>9,791</u>	<u>25,565,616</u>
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<u>223</u>	<u>(8,279,224)</u>
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0	24,000,000
0	21,720,000
<u>0</u>	<u>(21,720,000)</u>

<u>0</u>	<u>24,000,000</u>
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223	15,720,776
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4,487	1,398,632
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<u>0</u>	<u>(9,032)</u>
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<u>\$4,710</u>	<u>\$17,110,376</u>
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Wyoming City School District
 Combined Statement of Revenues, Expenditures
 And Changes in Fund Balances
 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	\$9,120,275	\$9,120,275	\$0	\$0	\$0	\$0
Intergovernmental	3,714,004	3,714,004	0	490,927	490,927	0
Investment	121,232	121,232	0	0	0	0
Tuition & Fees	429,973	429,973	0	0	0	0
Extracurricular Activities	0	0	0	115,818	115,818	0
Miscellaneous	197,971	197,971	0	33,409	33,409	0
Total Revenues	13,583,455	13,583,455	0	640,154	640,154	0
Expenditures:						
Current:						
Instruction:						
Regular	8,295,003	7,318,376	976,627	288,084	204,309	83,775
Special	1,139,900	1,046,646	93,254	71,684	71,684	0
Vocational	78,372	77,714	658	0	0	0
Support Services:						
Pupils	795,875	732,138	63,737	2,750	2,750	0
Instructional Staff	297,125	267,585	29,540	0	0	0
Board of Education	184,000	95,895	88,105	0	0	0
Administration	1,320,982	1,136,048	184,934	41,843	41,843	0
Fiscal	330,000	297,991	32,009	0	0	0
Operation & Maintenance of Plant	1,209,753	1,175,397	34,356	0	0	0
Pupil Transportation	217,000	198,891	18,109	0	0	0
Central	26,000	21,772	4,228	5,306	5,306	0
Operation of Non-Instructional Services	0	0	0	103,046	86,260	16,786
Extracurricular Activities	399,244	352,993	46,251	161,067	136,418	24,649
Capital Outlay	0	0	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	14,293,254	12,721,446	1,571,808	673,780	548,570	125,210
Excess (Deficiency) of Revenues Over Under Expenditures	(709,799)	862,009	1,571,808	(33,626)	91,584	125,210
Other Financing Sources (Uses):						
Proceeds of Bonds	0	0	0	0	0	0
Proceeds of Notes	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing Uses	(709,799)	862,009	1,571,808	(33,626)	91,584	125,210
Fund Balance, Beginning of Year (Includes Prior Year Encumbrances Appropriated)	715,470	715,470	0	33,626	33,626	0
Fund Balance, End of Year	\$5,671	\$1,577,479	\$1,571,808	\$0	\$125,210	\$125,210

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)
\$771,827	\$771,827	\$0	\$296,043	\$296,043	\$0	\$10,188,145	\$10,188,145	\$0
0	0	0	148,756	148,756	0	4,353,687	4,353,687	0
0	0	0	180,752	180,752	0	301,984	301,984	0
0	0	0	0	0	0	429,973	429,973	0
0	0	0	0	0	0	115,818	115,818	0
0	0	0	0	0	0	231,380	231,380	0
771,827	771,827	0	625,551	625,551	0	15,620,987	15,620,987	0
0	0	0	109,156	0	109,156	8,692,243	7,522,685	1,169,558
0	0	0	0	0	0	1,211,584	1,118,330	93,254
0	0	0	0	0	0	78,372	77,714	658
0	0	0	0	0	0	798,625	734,888	63,737
0	0	0	0	0	0	297,125	267,585	29,540
0	0	0	462,963	462,963	0	646,963	558,858	88,105
0	0	0	0	0	0	1,362,825	1,177,891	184,934
10,000	9,162	838	168,123	3,798	164,325	508,123	310,951	197,172
0	0	0	811,193	804,193	7,000	2,020,946	1,979,590	41,356
0	0	0	0	0	0	217,000	198,891	18,109
0	0	0	0	0	0	31,306	27,078	4,228
0	0	0	0	0	0	103,046	86,260	16,786
0	0	0	0	0	0	560,311	489,411	70,900
0	0	0	21,204,466	6,192,979	15,011,487	21,204,466	6,192,979	15,011,487
21,720,274	21,600,000	120,274	1,365,000	273,615	1,091,385	23,085,274	21,873,615	1,211,659
818,447	818,108	339	537,130	518,222	18,908	1,355,577	1,336,330	19,247
22,548,721	22,427,270	121,451	24,658,031	8,255,770	16,402,261	62,173,786	43,953,056	18,220,730
(21,776,894)	(21,655,443)	121,451	(24,032,480)	(7,630,219)	16,402,261	(46,552,799)	(28,332,069)	18,220,730
21,600,000	21,600,000	0	2,400,000	2,400,000	0	24,000,000	24,000,000	0
0	0	0	21,600,000	21,600,000	0	21,600,000	21,600,000	0
21,600,000	21,600,000	0	24,000,000	24,000,000	0	45,600,000	45,600,000	0
(176,894)	(55,443)	121,451	(32,480)	16,369,781	16,402,261	(952,799)	17,267,931	18,220,730
0	0	0	32,482	32,482	0	781,578	781,578	0
(\$176,894)	(\$55,443)	\$121,451	\$2	\$16,402,263	\$16,402,261	(\$171,221)	\$18,049,509	\$18,220,730

Wyoming City School District
 Combined Statement of Revenues, Expenses
 And Changes in Retained Earnings/Fund Balances
 Proprietary Fund Type and Nonexpendable Trust
 For the Year Ended June 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Revenues:			
Charges for Services	\$235,748	0	\$235,748
Miscellaneous Revenue	0	8,525	8,525
Total Operating Revenues	235,748	8,525	244,273
Operating Expenses:			
Salaries	115,454	0	115,454
Fringe Benefits	26,812	0	26,812
Purchased Services	5,294	0	5,294
Materials & Supplies	133,118	0	133,118
Depreciation	2,940	0	2,940
Other Operating Expenses	1,136	1,650	2,786
Total Operating Expenses	284,754	1,650	286,404
Operating Income (Loss)	(49,006)	6,875	(42,131)
Non-Operating Revenues (Expenses):			
Donated Commodities	14,317	0	14,317
Operating Grants - State & Local	1,131	0	1,131
Operating Grants - Federal	27,607	0	27,607
Total Non-Operating Revenues	43,055	0	43,055
Net Income	(5,951)	6,875	924
Retained Earnings/Fund Balance, Beginning of Year	17,664	3,243	20,907
Retained Earnings/Fund Balance, End of Year	\$11,713	\$10,118	\$21,831

See accompanying notes.

Wyoming City School District
 Combined Statement of Cash Flows
 Proprietary Fund Type and NonExpendable Trust Funds
 For the Year Ended June 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum only)
	Enterprise	Nonexpendable Trust	
Cash Flows from Operating Activities:			
Cash Received from Charges for Services	\$237,023	\$0	\$237,023
Cash Received from Miscellaneous Sources	0	8,525	8,525
Cash Payments for Personal Services	(140,262)	0	(140,262)
Cash Payments for Contract Services	(5,015)	0	(5,015)
Cash Payments for Supplies & Materials	(117,782)	0	(117,782)
Cash Payments for Other Expenses	(1,136)	(1,650)	(2,786)
Net Cash Provided (Used) by Operating Activities	<u>(27,172)</u>	<u>6,875</u>	<u>(20,297)</u>
Cash Flows from Non-Capital Financing Activities:			
Cash Received from Operating Grants	<u>25,068</u>	<u>0</u>	<u>25,068</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>25,068</u>	<u>0</u>	<u>25,068</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	<u>(8,035)</u>	<u>0</u>	<u>(8,035)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(8,035)</u>	<u>0</u>	<u>(8,035)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,139)	6,875	(3,264)
Cash and Cash Equivalents at Beginning of Year	<u>13,244</u>	<u>3,243</u>	<u>16,487</u>
Cash and Cash Equivalents at End of Year	<u>\$3,105</u>	<u>\$10,118</u>	<u>\$13,223</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	(\$49,006)	\$6,875	(\$42,131)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	2,940	0	2,940
Donated Commodities Used	14,317	0	14,317
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivables	1,275	0	1,275
(Increase) Decrease in Materials & Supplies Inventory	103	0	103
Increase (Decrease) in Accounts Payable	340	0	340
Increase (Decrease) in Accrued Wages & Benefits	1,592	0	1,592
Increase (Decrease) in Compensated Absences Payable	412	0	412
Increase (Decrease) in Deferred Revenue	855	0	855
Net Cash Provided (Used) by Operating Activities	<u>(\$27,172)</u>	<u>\$6,875</u>	<u>(\$20,297)</u>

See accompanying notes.

WYOMING CITY SCHOOL DISTRICT, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

1. DESCRIPTION OF THE DISTRICT

The District was chartered by the Ohio State Legislature in 1832 when state laws were enacted to create local Boards of Education. Today, the District 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 District operates under a locally elected 5 member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 72 non-certificated personnel and 154 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is the 14th largest in Hamilton County in terms of enrollment. It currently operates 3 primary schools, 1 middle school (grades 5-8), and 1 high school (grades 9-12).

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.

THE REPORTING ENTITY

For financial reporting purposes the District's financial statements include all funds and account groups, and component units for which the District is financially accountable based upon criteria set forth in GASB Statement 14. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the District) are financially accountable. The District would consider an organization to be a component unit if:

1. The District appoints a voting majority of the organization's governing body AND (a) is able to impose its will on that organization OR (b) there is a potential for the organization to provide specific financial burdens on the District; OR
2. The organization is fiscally dependent upon the District; OR

3. The nature of the relationship between the District and the organization is such that the exclusion from the financial reporting entity would render the financial statements of the District misleading.

BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the District are maintained on the basis of fund and account groups, each of which is considered a separate accounting entity. The operation of each fund is accounted for within a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. The following fund types and account groups are used by the District:

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 proprietary funds) are accounted for through governmental funds. The following are the District's Governmental Fund Types.

General Fund

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

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trust, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds

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).

Debt Service Fund

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

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 Type.

Enterprise Funds

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 to account 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 included Expendable Trust, Non-expendable Trust and Agency Funds. Expendable Trust Funds are accounted for in essentially the same manner as governmental funds. Trust Funds are accounted for in essentially the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

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 Proprietary Funds and Trust Funds.

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 Proprietary Funds and Trust Funds.

MEASUREMENT FOCUS/BASIS OF ACCOUNTING

Measurement Focus: Governmental Fund Types and Expendable Trust Funds are accounted for on a spending, or "financial flow", measurement focus. Governmental Fund Types and Expendable Trust Funds 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 and Nonexpendable Trust Funds are accounted for on a cost of services, or "capital maintenance", measurement focus. Proprietary Fund Types and Nonexpendable Trust Funds income statements represent increases and decreases in net Total assets.

Basis of Accounting: The modified accrual basis of accounting is followed for Governmental, Expendable Trust, 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 accrued at the end of the fiscal year included delinquent property taxes, interest, tuition, and state and federal grants. Property taxes measurable as of the current year end and available to the Districts within 60 days and which are intended to finance current year fiscal operations, have been recorded as revenues. 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 and Nonexpendable Trust Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred.

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 budgetary basis and the GAAP basis are:

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

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

The actual results of operations, compared to the final appropriation, which includes amendments to the original 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 adopts an annual budget for all fund types. The specific timetable is as follows:

Prior to January 15 to 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.

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

Prior to March 15, the Board of Education accepts by formal resolution, the tax rates as determined by the 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.

By July 1, annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the 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.

Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.

Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized appropriation.

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 appropriated amounts.

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, function and/or object level.

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 as a reserve of the fund balance on a GAAP Basis and for all budgeted funds as the equivalent of expenditures/expenses on anon-GAAP budgetary basis in order to demonstrate legal compliance.

CASH AND INVESTMENTS

Cash received by the District is deposited in one bank account with individual fund balance integrity maintained throughout. Moneys for all funds are maintained in these accounts or are temporarily used to purchase short-term cash equivalent investments (maturity date within three months of the date acquired). State statute authorizes the District to invest in obligations of the US Treasury, commercial paper and repurchase agreements.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to Agency Funds, Employee Benefits, certain trust funds and those funds individually authorized by Board resolution. 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 purchased are considered to be cash equivalents.

Investments in the District's cash and investments are stated at fair value as determined by quoted market prices.

RESTRICTED CASH

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.

Restricted cash in the capital projects fund represents cash and cash equivalents set aside for retainage payable on construction contracts.

INVENTORY (MATERIALS AND SUPPLIES)

Inventories are valued at lower of cost (First-in, First-out) or market and are determined by physical count. Inventories are expensed when used rather than when purchased.

FIXED ASSETS AND DEPRECIATION

General Fixed Assets Account Group - 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. The District follows the policy of not capitalizing assets with a cost of less than \$250 and a useful life of less than 5 years. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District does not possess any infrastructure.

Proprietary Funds Fixed Assets reflected in the proprietary funds are 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:

<u>Asset</u>	<u>Life (years)</u>
Furniture, Fixtures and Equipment	05 - 20

INTERGOVERNMENTAL REVENUES

Intergovernmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for proprietary fund operations are recognized as revenue when measurable and earned.

INTERFUND TRANSACTIONS

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

Routine transfers of resources from one fund to another fund through which resources to be expended are recorded as operating transfers.

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.

Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.

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 rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

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

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 Obligations Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

FUND EQUITY

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund equity reserves are established for encumbrances, materials and supplies inventory, property taxes and budgetary set-asides required under Ohio Law.

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.

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 principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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 GASB 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 INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund types 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 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 designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

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. Ohio law permits interim monies to be invested or deposited 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 other obligations or securities issued by any federal government agency or instrumentality, including but not limited, 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);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eight days in an amount not to exceed twenty-five percent of the interim moneys 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 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end the unobligated or carrying amount of the District's pooled cash and investments was \$3,068,899. The bank balance of deposits was \$3,768,378. Of the bank balance \$100,000 was covered by federal depository insurance and the remaining amount was covered by collateral held by third party trustees pursuant to Section 135.181 Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

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

Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category 2 includes uninsured and unregistered investments that are held by the counterparty's trust department or agent in the 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 District's name. Investments in STAROhio and Star Treasury Fund are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

Based on the above criteria, the District's investments at June 30, 1999, are classified as follows:

	Category <u>3</u>	Carrying Value <u>Fair Value</u>
Money Market	\$698,266	\$698,266
U.S. Treasury Bonds	<u>15,401,373</u>	<u>15,401,373</u>
Total	<u>\$16,099,639</u>	<u>\$16,099,639</u>

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	\$6,782,920
Real Estate	<u>177,668,170</u>
Total Assessed Property Value	<u>\$184,451,090</u>

In 1999, real property taxes were levied in January on the assessed values as of January 1, 1998, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. A revaluation of real property is required to be completed no less than every six years, with a statistical update every third year. The most recent revaluation was completed in January, 1996. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at 26% of true value (as defined). Each business was eligible to receive a \$10,000 exemption in assessed value, which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 1999 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 to all taxing Districts with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal Property Taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable at year-end. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of 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 changes in the General Fixed Assets Account Group during the fiscal year follows:

	Balance Beginning <u>Of Year</u>	<u>Additions</u>	<u>Deletions</u>	Balance End <u>Of Year</u>
Land	\$ 461,418	\$ 0	\$ 0	\$ 461,418
Buildings	4,631,581	0	0	4,631,581
Equipment	2,122,081	145,714	0	2,267,795
Construction in Progress	<u>0</u>	<u>11,366,882</u>	<u>0</u>	<u>11,366,882</u>
Total	<u>\$7,215,080</u>	<u>\$11,512,596</u>	<u>\$ 0</u>	<u>\$18,727,676</u>

A summary of the Proprietary Fund fixed assets at June 30, 1999 follows:

Furniture and Equipment	\$122,458
Less: Accumulated Depreciation	(97,946)
Net Fixed Assets - Proprietary Fund	<u>\$ 24,512</u>

6. CHANGES IN THE GENERAL LONG TERM OBLIGATIONS ACCOUNT GROUP

During the year ended June 30, 1999, the following changes occurred in liabilities reported in the General Long Term Obligations Account Group. Compensated absences will be paid from the fund, which the employee is paid.

	Balance Beginning Of Year	Additions	Deductions	Balance End Of Year
Accrued Wages & Benefits	\$ 76,286	\$ 8,320	\$ 0	\$ 84,606
Compensated Absences	813,664	210,694	0	1,024,358
General Obligation Bonds Payable	<u>0</u>	<u>24,000,000</u>	<u>0</u>	<u>24,000,000</u>
Total	<u>\$889,950</u>	<u>\$24,219,014</u>	<u>\$ 0</u>	<u>\$25,108,964</u>

Principal and interest requirements to retire bonds payable outstanding at June 30, 1999 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2000	\$100,000	\$1,282,439
2001	110,000	1,188,613
2002	370,000	1,184,013
2003	390,000	1,170,078
2004	415,000	1,155,093
Thereafter	<u>22,615,000</u>	<u>17,748,654</u>
Totals	<u>\$24,000,000</u>	<u>\$23,728,890</u>

7. NOTES PAYABLE

Notes payable activity for the District for the year ended June 30, 1999 was as follows:

	Principal Outstanding Beginning <u>Of Year</u>	<u>Additions</u>	<u>Deductions</u>	Principal Outstanding End <u>Of Year</u>
Tax Anticipation Note				
1995 5.25%	\$329,200	\$ 0	\$164,600	\$164,600
1997 5.12%	\$120,000	\$ 0	\$120,000	\$ 0

Tax anticipation notes are shown as liabilities of the fund which received the note proceeds. Accordingly, the 1995 note debt activity has been reported in the Capital Projects Fund.

Principal and interest requirements to retire notes payable outstanding at June 30, 1999 are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$164,600	\$8,250	\$172,850

8. INTERFUND ACTIVITY

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 0	\$150,000
Capital Projects Fund:		
Permanent Improvement	<u>150,000</u>	<u>0</u>
Total All Funds	<u>\$150,000</u>	<u>\$150,000</u>

9. 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 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' 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 \$257,454, \$230,670 and \$198,790 respectively; 50% has been contributed for fiscal year 1999 and 100% for fiscal years 1998 and 1997.

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.

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 \$1,029,492, \$957,780 and \$869,628 respectively; 83.3% has been contributed for fiscal year 1999 and 100% for fiscal years 1998 and 1997.

C. Post-employment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-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 obligation to

contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1998, the Board allocated employer contributions equal to 3.5 percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1999, this allocation was increased to 8.0 percent. For the school District, this amount equaled \$588,281 during fiscal 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

For this fiscal year, employers contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. 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 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

10. 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 of the budgetary basis follows:

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

	<u>Governmental Fund Types</u>			
	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Funds</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>
GAAP Basis	\$1,195,999	\$90,666	\$575,451	\$13,858,437
Net Adjustment for Revenue				
Accruals	(575,025)	2,149	(464,000)	(738,515)
Net Adjustment for Expenditure				
Accruals	241,035	(1,231)	(166,894)	3,099,859
Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Budgetary Basis	<u>\$862,009</u>	<u>\$91,584</u>	<u>(\$55,443)</u>	<u>\$16,219,781</u>

11. 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. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 1999.

12. JOINT VENTURE

The Hamilton/Clermont Cooperative Association (HCCA) is a governmental joint venture consisting of 24 school districts. The joint venture 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. Each of the governments of these schools supports HCCA and shares in a percentage of the operations based on the resources provided. HCCA is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating School District is limited to its representation on the board. The Board consists

of one representative form each of the participating 24 school districts. Complete financial statements can be obtained from the HCCA located at the Hamilton County Board of Education in Cincinnati, Ohio.

13. 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 the District. During the fiscal year ended June 30, 1999, the School District received \$3,107,160 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 and on its financial operations

14. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with A.M. Peck Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverage's provided by A.M. Peck Insurance are as follows:

Building and Contents - Replacement Cost	\$37,000,000
Inland Marine Coverage	681,000
Boiler and Machinery	No Limit
Crime Insurance	3,000
Automobile Liability	1,000,000
Uninsured Motorist	1,000,000
General Liability	

Per Occurrence	2,000,000
Total Per Year	5,000,000

Settled claims have not exceeded commercial coverage in any of the past three years.

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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 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.

15. STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity (cash-basis) was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>
Balance, 7/1/1998	\$0	\$0	\$ 73,833
Required Set-Aside	213,380	213,380	106,690
Offset Credits	(27,000)	0	0
Qualifying Expenditures	<u>(272,000)</u>	<u>0</u>	<u>0</u>
Balance, 6/30/1999	<u>\$ 0</u>	<u>\$213,380</u>	<u>\$180,523</u>

Total Reserve for Set-Aside \$393,903

Offsets and Expenditures for textbooks during the year exceeded the required set-aside and the reserve balance.

16. YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations.

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting through the State's Education Management and Information System (EMIS).

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform State Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

The County collects property taxes for distribution to the District. The County is responsible for remediating the tax collection system and is solely responsible for all associated costs.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District is or will be year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WYOMING CITY SCHOOL DISTRICT
HAMILTON 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.

By: *Susan Babbitt*
Clerk of the Bureau

Date: JAN 20 2000



PLATTENBURG & ASSOCIATES, INC./CERTIFIED PUBLIC ACCOUNTANTS

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**Report on compliance and on internal control over financial reporting
based on an audit of financial statements performed accordance with
*Government Auditing Standards***

December 15, 1999

Board of Education
Wyoming City School District
Wyoming, Ohio

We have audited the general purpose financial statements of the Wyoming City School District, (the District), as of and for the year ended June 30, 1999, and have issued our report thereon dated December 15, 1999. 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 required to be reported under *Government Auditing Standards*.

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.

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. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, the Board of Education, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.



Plattenburg & Associates, Inc.
Certified Public Accountants