



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

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

To The Board of Education:

We have audited the accompanying general-purpose financial statements of the Williamsburg Local School District, Clermont County, Ohio (the District), as of and for the fiscal year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

The District is experiencing certain financial difficulties. These conditions, and management's plans to address these conditions, are described in Note 22

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, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 receipts and 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. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

December 16, 2002

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Williamsburg Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,447,485	\$110,063	\$270,563	\$60,320
Receivables:				
Taxes	2,409,851	43,751	350,098	0
Accounts	96,245	0	0	0
Intergovernmental	5,185	1,440	0	0
Prepaid Items	29,882	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	91,004	0	0	0
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for the Retirement of General Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$4,079,652</u>	<u>\$155,254</u>	<u>\$620,661</u>	<u>\$60,320</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$48,878	\$41,681	\$0	\$0	\$1,978,990
0	0	0	0	2,803,700
0	0	0	0	96,245
0	0	0	0	6,625
38	0	0	0	29,920
6,350	0	0	0	6,350
653	0	0	0	653
0	0	0	0	91,004
121,158	0	15,854,406	0	15,975,564
0	0	0	305,163	305,163
0	0	0	4,020,430	4,020,430
<u>\$177,077</u>	<u>\$41,681</u>	<u>\$15,854,406</u>	<u>\$4,325,593</u>	<u>\$25,314,644</u>

(continued)

Williamsburg Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities</u>				
<u>Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$51,769	\$2,451	\$0	\$0
Accrued Wages and Benefits	472,203	27,798	0	0
Compensated Absences Payable	104,674	0	0	0
Retainage Payable	0	10,467	0	0
Intergovernmental Payable	103,985	3,085	0	0
Deferred Revenue	2,191,651	40,891	315,498	0
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
Capital Leases Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
State Operating Loan Payable	389,000	0	0	0
General Obligation Bonds Payable	0	0	0	0
	<u>3,313,282</u>	<u>84,692</u>	<u>315,498</u>	<u>0</u>
Total Liabilities				
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	150,942	1,641	0	0
Reserved for Property Taxes	218,200	4,300	34,600	0
Reserved for Textbooks	26,891	0	0	0
Reserved for School Bus Purchases	64,113	0	0	0
Unreserved:				
Designated for Capital Acquisitions	25,431	0	0	0
Designated for Textbooks	1,500	0	0	0
Designated for Facilities Maintenance	20,000	0	0	0
Designated for Retirements Payouts	20,000	0	0	0
Undesignated	239,293	64,621	270,563	60,320
	<u>766,370</u>	<u>70,562</u>	<u>305,163</u>	<u>60,320</u>
Total Fund Equity and Other Credits				
	<u>766,370</u>	<u>70,562</u>	<u>305,163</u>	<u>60,320</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$4,079,652</u>	<u>\$155,254</u>	<u>\$620,661</u>	<u>\$60,320</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$55	\$0	\$0	\$0	\$54,275
16,001	0	0	0	516,002
7,747	0	0	500,053	612,474
0	0	0	0	10,467
8,547	0	0	40,996	156,613
0	0	0	0	2,548,040
0	24,581	0	0	24,581
0	17,100	0	0	17,100
0	0	0	109,544	109,544
0	0	0	20,000	20,000
0	0	0	0	389,000
0	0	0	3,655,000	3,655,000
<u>32,350</u>	<u>41,681</u>	<u>0</u>	<u>4,325,593</u>	<u>8,113,096</u>
0	0	15,854,406	0	15,854,406
144,727	0	0	0	144,727
0	0	0	0	152,583
0	0	0	0	257,100
0	0	0	0	26,891
0	0	0	0	64,113
0	0	0	0	25,431
0	0	0	0	1,500
0	0	0	0	20,000
0	0	0	0	20,000
0	0	0	0	634,797
<u>144,727</u>	<u>0</u>	<u>15,854,406</u>	<u>0</u>	<u>17,201,548</u>
<u>\$177,077</u>	<u>\$41,681</u>	<u>\$15,854,406</u>	<u>\$4,325,593</u>	<u>\$25,314,644</u>

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Williamsburg Local School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Revenues:</u>					
Property Taxes	\$2,074,261	\$38,509	\$308,054	\$0	\$2,420,824
Intergovernmental	4,507,616	421,340	34,466	31,421	4,994,843
Interest	58,628	0	0	484	59,112
Tuition and Fees	74,734	0	0	0	74,734
Rent	166,909	0	0	0	166,909
Extracurricular Activities	3,199	44,459	0	0	47,658
Gifts and Donations	26,775	2,521	0	0	29,296
Miscellaneous	163,913	810	0	0	164,723
Total Revenues	7,076,035	507,639	342,520	31,905	7,958,099
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	2,826,072	146,143	0	25,220	2,997,435
Special	535,935	93,487	0	0	629,422
Vocational	63,589	0	0	0	63,589
Support Services:					
Pupils	136,015	63,378	0	0	199,393
Instructional Staff	143,573	87,377	0	9,500	240,450
Board of Education	8,917	0	0	0	8,917
Administration	570,932	1,061	0	0	571,993
Fiscal	217,402	5,656	5,244	0	228,302
Operation and Maintenance of Plant	752,322	29,954	0	0	782,276
Pupil Transportation	395,774	6,177	0	0	401,951
Non-Instructional Services	13,563	1,108	0	0	14,671
Extracurricular Activities	159,991	37,793	0	0	197,784
Capital Outlay	73,922	10,467	0	1,876	86,265
Debt Service:					
Principal Retirement	106,509	0	120,000	0	226,509
Interest and Fiscal Charges	8,919	0	210,650	0	219,569
Total Expenditures	6,013,435	482,601	335,894	36,596	6,868,526
Excess of Revenues Over (Under) Expenditures	1,062,600	25,038	6,626	(4,691)	1,089,573
<u>Other Financing Sources (Uses):</u>					
Proceeds from Sale of Fixed Assets	600	0	0	0	600
Inception of Capital Lease	69,763	0	0	0	69,763
Operating Transfers - In	15,000	0	0	0	15,000
Operating Transfers - Out	(55,000)	0	0	0	(55,000)
Total Other Financing Sources (Uses)	30,363	0	0	0	30,363
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,092,963	25,038	6,626	(4,691)	1,119,936
Fund Balances (Deficit) at Beginning of Year	(326,593)	45,524	298,537	65,011	82,479
Fund Balances at End of Year	\$766,370	\$70,562	\$305,163	\$60,320	\$1,202,415

See accompanying notes to the general purpose financial statements

Williamsburg Local School District
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2002

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$2,168,161	\$2,168,161	\$0	\$39,809	\$39,809	\$0
Intergovernmental	4,504,522	4,508,645	4,123	417,888	421,340	3,452
Interest	88,059	58,628	(29,431)	0	0	0
Tuition and Fees	52,100	71,420	19,320	0	0	0
Rent	162,562	166,909	4,347	0	0	0
Extracurricular Activities	3,199	3,199	0	45,000	44,459	(541)
Gifts and Donations	14,100	26,775	12,675	2,981	2,521	(460)
Miscellaneous	71,139	72,221	1,082	0	810	810
Total Revenues	7,063,842	7,075,958	12,116	505,678	508,939	3,261
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	3,018,057	3,011,307	6,750	188,548	149,925	38,623
Special	622,863	550,157	72,706	110,462	99,043	11,419
Vocational	79,578	66,424	13,154	0	0	0
Support Services:						
Pupils	176,829	150,189	26,640	66,609	66,609	0
Instructional Staff	213,837	169,728	44,109	103,030	90,201	12,829
Board of Education	9,132	11,703	(2,571)	0	0	0
Administration	615,327	581,488	33,839	1,061	1,061	0
Fiscal	228,263	223,007	5,256	7,493	5,656	1,837
Operation and Maintenance of Plant	1,029,458	882,111	147,347	48,589	30,176	18,413
Pupil Transportation	573,701	432,582	141,119	6,000	6,202	(202)
Non-Instructional Services	14,100	13,577	523	0	1,107	(1,107)
Extracurricular Activities	142,449	153,412	(10,963)	49,261	40,904	8,357
Capital Outlay	89,081	4,159	84,922	0	10,467	(10,467)
Debt Service:						
Principal Retirement	0	15,000	(15,000)	0	0	0
Interest and Fiscal Charges	0	1,581	(1,581)	0	0	0
Total Expenditures	6,812,675	6,266,425	546,250	581,053	501,351	79,702
Excess of Revenues Over (Under) Expenditures	251,167	809,533	558,366	(75,375)	7,588	82,963
<u>Other Financing Sources (Uses):</u>						
Proceeds from the Sale of Fixed Assets	0	600	600	0	0	0
Advances - In	39,175	15,000	(24,175)	0	0	0
Advances - Out	(12,000)	(15,000)	(3,000)	0	0	0
Operating Transfers - In	0	15,000	15,000	0	0	0
Operating Transfers - Out	(452,000)	(444,000)	8,000	(10,200)	0	10,200
Total Other Financing Sources (Uses)	(424,825)	(428,400)	(3,575)	(10,200)	0	10,200
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(173,658)	381,133	554,791	(85,575)	7,588	93,163
Fund Balances at Beginning of Year	870,291	870,291	0	84,054	84,054	0
Prior Year Encumbrances Appropriated	84,688	84,688	0	3,968	3,968	0
Fund Balances at End of Year	\$781,321	\$1,336,112	\$554,791	\$2,447	\$95,610	\$93,163

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$318,554	\$318,554	\$0	\$0	\$0	\$0	\$2,526,524	\$2,526,524	\$0
34,466	34,466	0	48,220	48,220	0	5,005,096	5,012,671	7,575
0	0	0	450	484	34	88,509	59,112	(29,397)
0	0	0	0	0	0	52,100	71,420	19,320
0	0	0	0	0	0	162,562	166,909	4,347
0	0	0	0	0	0	48,199	47,658	(541)
0	0	0	0	0	0	17,081	29,296	12,215
0	0	0	0	0	0	71,139	73,031	1,892
<u>353,020</u>	<u>353,020</u>	<u>0</u>	<u>48,670</u>	<u>48,704</u>	<u>34</u>	<u>7,971,210</u>	<u>7,986,621</u>	<u>15,411</u>
0	0	0	35,576	25,220	10,356	3,242,181	3,186,452	55,729
0	0	0	0	0	0	733,325	649,200	84,125
0	0	0	0	0	0	79,578	66,424	13,154
0	0	0	0	0	0	243,438	216,798	26,640
0	0	0	28,220	15,500	12,720	345,087	275,429	69,658
0	0	0	0	0	0	9,132	11,703	(2,571)
0	0	0	0	0	0	616,388	582,549	33,839
5,406	5,244	162	0	0	0	241,162	233,907	7,255
0	0	0	0	0	0	1,078,047	912,287	165,760
0	0	0	0	0	0	579,701	438,784	140,917
0	0	0	0	0	0	14,100	14,684	(584)
0	0	0	0	0	0	191,710	194,316	(2,606)
0	0	0	41,575	8,860	32,715	130,656	23,486	107,170
509,400	509,000	400	0	0	0	509,400	524,000	(14,600)
210,650	210,650	0	0	0	0	210,650	212,231	(1,581)
<u>725,456</u>	<u>724,894</u>	<u>562</u>	<u>105,371</u>	<u>49,580</u>	<u>55,791</u>	<u>8,224,555</u>	<u>7,542,250</u>	<u>682,305</u>
<u>(372,436)</u>	<u>(371,874)</u>	<u>562</u>	<u>(56,701)</u>	<u>(876)</u>	<u>55,825</u>	<u>(253,345)</u>	<u>444,371</u>	<u>697,716</u>
0	0	0	0	0	0	0	600	600
0	0	0	0	0	0	39,175	15,000	(24,175)
0	0	0	0	0	0	(12,000)	(15,000)	(3,000)
389,000	389,000	0	0	0	0	389,000	404,000	15,000
0	0	0	0	0	0	(462,200)	(444,000)	18,200
<u>389,000</u>	<u>389,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(46,025)</u>	<u>(39,400)</u>	<u>6,625</u>
16,564	17,126	562	(56,701)	(876)	55,825	(299,370)	404,971	704,341
253,437	253,437	0	44,914	44,914	0	1,252,696	1,252,696	0
0	0	0	16,282	16,282	0	104,938	104,938	0
<u>\$270,001</u>	<u>\$270,563</u>	<u>\$562</u>	<u>\$4,495</u>	<u>\$60,320</u>	<u>\$55,825</u>	<u>\$1,058,264</u>	<u>\$1,762,605</u>	<u>\$704,341</u>

Williamsburg Local School District
Combined Statement of Revenues,
Expenses and Changes in Retained Earnings
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2002

	<u>Enterprise</u>
<u>Operating Revenues:</u>	
Tuition	\$10,275
Sales	206,293
Other Operating Revenues	<u>25,220</u>
Total Operating Revenues	<u>241,788</u>
<u>Operating Expenses:</u>	
Salaries	115,102
Fringe Benefits	42,344
Purchased Services	57,352
Materials and Supplies	1,154
Cost of Sales	133,082
Depreciation	8,608
Other	<u>449</u>
Total Operating Expenses	<u>358,091</u>
Operating Loss	<u>(116,303)</u>
<u>Non-Operating Revenues:</u>	
Interest	780
Federal Donated Commodities	21,591
Federal and State Subsidies	<u>65,429</u>
Total Non-Operating Revenues	<u>87,800</u>
Net Loss Before Operating Transfers	(28,503)
Operating Transfers - In	55,000
Operating Transfers - Out	<u>(15,000)</u>
Net Income	11,497
Retained Earnings at Beginning of Year	<u>133,230</u>
Retained Earnings at End of Year	<u><u>\$144,727</u></u>

See accompanying notes to the general purpose financial statements

Williamsburg Local School District
Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2002

	Enterprise Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Tuition	\$10,800	\$10,275	(\$525)
Sales	220,000	206,293	(13,707)
Interest	2,000	780	(1,220)
Federal and State Subsidies	65,443	65,429	(14)
Other	25,220	25,220	0
Total Revenues	<u>323,463</u>	<u>307,997</u>	<u>(15,466)</u>
<u>Expenses:</u>			
Salaries	125,945	127,479	(1,534)
Fringe Benefits	55,566	53,828	1,738
Purchased Services	70,700	57,352	13,348
Materials and Supplies	153,662	120,983	32,679
Other	900	408	492
Total Expenses	<u>406,773</u>	<u>360,050</u>	<u>46,723</u>
Excess of Revenues Over (Under) Expenses	(83,310)	(52,053)	31,257
Advances - In	0	15,000	15,000
Advances - Out	(15,000)	(15,000)	0
Operating Transfers - In	54,475	55,000	525
Operating Transfers - Out	0	(15,000)	(15,000)
Excess of Revenues Over (Under) Expenses, Advances and Transfers	(43,835)	(12,053)	31,782
Fund Equity at Beginning of Year	52,521	52,521	0
Prior Year Encumbrances Appropriated	<u>5,296</u>	<u>5,296</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$13,982</u></u>	<u><u>\$45,764</u></u>	<u><u>\$31,782</u></u>

See accompanying notes to the general purpose financial statements

Williamsburg Local School District
Combined Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2002

<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	Enterprise
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$206,293
Cash Received from Tuition Payments	10,275
Cash Received from Other Operating Sources	25,220
Cash Payments to Suppliers for Goods and Services	(175,221)
Cash Payments to Employees for Services	(127,479)
Cash Payments for Employee Benefits	(53,828)
Cash Payments for Other Operating Activities	(408)
Net Cash Used for Operating Activities	(115,148)
 <u>Cash Flows from Noncapital Financing Activities:</u>	
Federal and State Subsidies Received	65,429
Operating Transfers - In	55,000
Operating Transfers - Out	(15,000)
Short-Term Loans from Other Funds	15,000
Repayment of Short-Term Loans from Other Funds	(15,000)
Net Cash Provided by Noncapital Financing Activities	105,429
 <u>Cash Flows from Investing Activities:</u>	
Interest on Investments	780
Net Decrease in Cash and Cash Equivalents	(8,939)
Cash and Cash Equivalents at Beginning of Year	57,817
Cash and Cash Equivalents at End of Year	\$48,878
 <u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	(\$116,303)
 <u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>	
Depreciation	8,608
Donated Commodities Received During Year	21,591
<u>Changes in Assets and Liabilities:</u>	
Increase in Materials and Supplies Inventory	(26)
Increase in Inventory Held for Resale	(5,253)
Decrease in Prepaid Items	41
Decrease in Accrued Wages and Benefits	(3,404)
Increase in Accounts Payable	55
Decrease in Compensated Absences Payable	(8,101)
Decrease in Intergovernmental Payable	(12,356)
Total Adjustments	1,155
Net Cash Used for Operating Activities	(\$115,148)

Non-Cash Transactions: The School District received \$21,591 in donated commodities during the year in the food service enterprise fund.

See accompanying notes to the general purpose financial statements

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

Reporting Entity:

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

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

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

The School District participates in five organizations, two of which are defined as jointly governed organizations and three are insurance purchasing pools. These organizations are the Hamilton/Clermont Cooperative Association, the U.S. Grant Joint Vocational School, the Clermont County Health Trust, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

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

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Proprietary Fund Type:

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

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

Fiduciary Fund Type:

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

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into retained earnings components. The proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is authorized to further allocate Board of Education appropriations to the function and object level for all funds.

Tax Budget:

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

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

Estimated Resources:

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

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations:

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

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

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

Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

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

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During fiscal year 2002, the School District's investments were limited in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2002.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$58,628 which includes \$20,114 assigned from other School District funds.

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

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

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

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

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

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences

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

The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

I. Accrued Liabilities and Long-Term Obligations

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

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

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

J. Interfund Transactions

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

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

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, textbooks, and school bus purchases. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

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

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for school bus purchases and textbooks. See Note 16 for additional information regarding set-asides.

M. 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.

N. Total Columns on General Purpose Financial Statements

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

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had deficit fund balances for the fiscal year ended June 30, 2002:

Special Revenue Funds:	<u>Deficit</u>
Disadvantaged Pupil Impact Aid	\$110
Ohio Reads	73
Miscellaneous State Grant	62

The deficits in these funds were created by the recognition of accrued liabilities. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. The School District repays the State Operating Loan payable from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay the principal have been allocated accordingly.

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$1,092,963	\$25,038	\$6,626	(\$4,691)
Adjustments:				
Revenue Accrual	(69,840)	1,300	10,500	16,798
Expenditure Accrual	(50,613)	(4,297)	0	(12,983)
Reallocation of Debt	(389,000)	0	389,000	0
Encumbrances	(202,377)	(14,453)	0	0
Debt Principal Payments	0	0	(389,000)	0
Budget Basis	\$381,133	\$7,588	\$17,126	(\$876)

Net Income/Excess of Revenues Over (Under) Expenses, Advances, and Transfers Proprietary Fund Type	
	Enterprise
GAAP Basis	\$11,497
Adjustments:	
Expenditures	(34,323)
Depreciation	8,608
Encumbrances	(3,114)
Materials and Supplies Inventory	26
Inventory Held for Resale	5,253
Budget Basis	(\$12,053)

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the 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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptance 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 interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$103,846 and the bank balance was \$279,166. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$179,166 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

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

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

	Carrying/Fair Value
STAR Ohio	\$1,965,498

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$2,069,994	\$0
Cash on Hand	(650)	0
Investments:		
STAR Ohio	(1,965,498)	1,965,498
GASB Statement No. 3	\$103,846	\$1,965,498

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2002 real property taxes are collected in and intended to finance fiscal year 2003.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002 and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 6 - PROPERTY TAXES (continued)

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

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

The assessed values upon which fiscal year 2002 taxes were collected are:

	<u>2001 Second- Half Collections</u>		<u>2002 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$74,532,250	83.45%	\$76,618,110	85.98%
Public Utility	7,619,610	8.53%	4,110,760	4.61%
Tangible Personal Property	7,166,610	8.02%	8,388,821	9.41%
Total Assessed Value	<u>\$89,318,470</u>	<u>100.00%</u>	<u>\$89,117,691</u>	<u>100.00%</u>

Tax rate per \$1,000 of assessed valuation	\$42.00	\$45.00
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The School District receives property taxes from Clermont County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations.

The amount available as an advance at June 30, 2002 was \$218,200 in the General Fund, \$4,300 in the Special Revenue Fund, and \$34,600 in the Debt Service Fund.

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 7 - RECEIVABLES

Receivables at June 30, 2002, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund:	
Tuition and Fees	\$5,185
Special Revenue Fund:	
Title VI-B	1,440
Total All Funds	\$6,625

NOTE 8 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$218,782
Less: Accumulated Depreciation	(97,624)
Net Fixed Assets	\$121,158

A summary of the changes in general fixed assets during fiscal year 2002 follows:

Asset Category	Balance at 7/1/01	Additions	Deductions	Balance at 6/30/02
Land and Improvements	\$1,454,077	\$756	\$0	\$1,454,833
Buildings and Improvements	11,405,932	56,605	0	11,462,537
Furniture, Fixtures and Equipment	2,207,560	117,434	0	2,324,994
Vehicles	612,042	0	0	612,042
Construction in Progress	42,071	0	42,071	0
Totals	\$15,721,682	\$174,795	\$42,071	\$15,854,406

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with Indiana Insurance for property insurance and inland marine coverage, and Harcum-Hyre for liability and fleet insurance.

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 9 - RISK MANAGEMENT (continued)

Insurance coverage provided includes the following:

Building and Contents - replacement cost (\$1500 deductible)	\$22,174,890
Additional Miscellaneous Property Damage (\$500 deductible)	10,000
Inland Marine Coverage (\$500 deductible)	included above
Additional Inland Marine Coverage	116,509
Automobile Liability (\$0 deductible)	1,000,000

During fiscal year 2002, the School District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the OSP. (See Note 19)

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:	
Each Occurrence	\$1,000,000
Aggregate Limit	3,000,000
Products - Completed Operations Aggregate Limit	1,000,000
Personal and Advertising injury Limit - Each Offense	10,000
Fire Damage Limit - Any One Event	500,000
Excess Liability:	
Each Occurrence	2,000,000
Aggregate Limit	2,000,000
Employer's Liability:	
Each Occurrence	1,000,000
Disease - Each Employee	1,000,000
Disease - Policy Limit	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been significant change in coverage from the last year. There is no uninsured motorists coverage offered as part of the Ohio School Plan due to legislation passed November 1, 2001, which allows insurance carriers to no longer offer Uninsured Motorist Coverage. There have also been rate increases; and, in some cases, these increases are substantial. This has forced the School District to reduce coverage because the School District could not afford the same premiums as they had before with the rate increases.

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 9 - RISK MANAGEMENT (continued)

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). 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.

For fiscal year 2002, the School District participated in the Clermont County Health Trust (the Trust), an insurance purchasing pool, in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries (See Note 19).

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$51,467, \$37,270, and \$49,870, respectively; 54.63 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$23,353 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$280,154, \$327,313, and \$189,895, respectively; 84.35 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$43,841 represents the unpaid contribution for fiscal year 2002 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$132,705 for fiscal year 2002.

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. 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 2002, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$88,519.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 12 - EMPLOYEE BENEFITS

Compensated Absences

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

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

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 13 – CAPITALIZED LEASES – LESSEE DISCLOSURE

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

General fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$470,027 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2002 totaled \$91,509.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2002.

Fiscal Year Ending June 30,	Payment
2003	\$62,024
2004	15,917
2005	15,917
2006	15,917
2007	9,285
Total Minimum Lease Payments	119,060
Less: Amount Representing Interest	(9,516)
Present Value of Minimum Lease Payments	\$109,544

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

<u>General Obligation Bonds/Loans:</u>	<u>Amount Outstanding 7/1/01</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 6/30/02</u>
1996 School Improvement Bonds - 3.4%	\$3,775,000	\$0	\$120,000	\$3,655,000
1992 Energy Conservation Loan - 5.75%	35,000	0	15,000	20,000
Total Long-Term Bonds and Loans	<u>3,810,000</u>	<u>0</u>	<u>135,000</u>	<u>3,675,000</u>
Capital Lease Payable	131,290	69,763	91,509	109,544
Pension Obligation	65,696	40,996	65,696	40,996
Compensated Absences	816,870	0	316,817	500,053
Total General Long-Term Obligations	<u>\$4,823,856</u>	<u>\$110,759</u>	<u>\$609,022</u>	<u>\$4,325,593</u>

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

Energy Conservation Loan - On October 1, 1992, the School District issued \$135,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372.

The notes were issued for a ten year period with final maturity during fiscal year 2003. The loan will be retired from the debt service fund.

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

The School District's overall legal debt margin was \$4,670,755, an energy conservation debt margin of \$767,059 with an unvoted debt margin of \$89,118 at June 30, 2002.

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2002, are as follows:

GENERAL OBLIGATION BONDS			
Fiscal year Ending June 30,	Principal	Interest	Total
2003	\$125,000	\$205,443	\$330,443
2004	130,000	199,895	329,895
2005	140,000	193,885	333,885
2006	145,000	187,400	332,400
2007	150,000	166,253	316,253
2008-2012	1,025,000	618,318	1,643,318
2013-2017	1,315,000	326,875	1,641,875
2018-2019	625,000	31,625	656,625
Total	<u>\$3,655,000</u>	<u>\$1,929,694</u>	<u>\$5,584,694</u>

ENERGY CONSERVATION LOAN			
Fiscal year Ending June 30,	Principal	Interest	Total
2003	<u>\$20,000</u>	<u>\$575</u>	<u>\$20,575</u>

NOTE 15 - FUND OBLIGATION

A summary of the fund obligation transactions for the year ended June 30, 2002 are as follows:

Fund Type	Balance at 7/1/01	Increase	Decrease	Balance at 6/30/02
General Fund:				
2000 State Operating Loan - 0%	<u>\$778,000</u>	<u>\$0</u>	<u>\$389,000</u>	<u>\$389,000</u>

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

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 16 - SET-ASIDE CALCULATIONS

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Set-aside Reserve Balance as of June 30, 2001	\$8,282	\$0	\$8,282
Current Year Set-aside Replacement	124,072	124,072	\$248,143
Current Year Offsets	0	(36,473)	(\$36,473)
Qualifying Disbursements	<u>(105,463)</u>	<u>(87,599)</u>	<u>(\$193,062)</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$26,891</u>	<u>\$0</u>	<u>\$26,891</u>

The School District set aside additional money in excess of statutory requirements for capital acquisitions, textbooks, facilities maintenance, and retirement payouts. These amounts are presented on the balance sheet as a designation of fund balance rather than as a reserve and are therefore not included in restricted assets.

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and the preschool program. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2002.

	<u>Food Service</u>	<u>Preschool</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$231,513	\$10,275	\$241,788
Depreciation Expense	8,608	0	8,608
Operating Loss	(71,127)	(45,176)	(116,303)
Donated Commodities	21,591	0	21,591
Federal and State Subsidies	65,429	0	65,429
Operating Transfer - In	0	55,000	55,000
Operating Transfer - Out	(15,000)	0	(15,000)
Net Income	1,673	9,824	11,497
Net Working Capital	16,901	14,415	31,316
Long-Term Liabilities Payable from Revenue	7,747	0	7,747
Total Assets	162,607	14,470	177,077
Total Equity	130,312	14,415	144,727
Encumbrances at June 30, 2002	(2,924)	(190)	(3,114)

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

A. Hamilton/Clermont Cooperative Association

The Williamsburg Local School District is a participant in a two-county consortium of school districts to operate The Hamilton/Clermont Cooperative Association (H/CCA). H/CCA is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of H/CCA consists of one representative from each of the participating members. The School District paid \$5,000 for services provided during the fiscal year. Complete financial statements for H/CCA can be obtained from Al Porter, Director, at their administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

B. U.S. Grant Joint Vocational School

The U.S. Grant Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the four participating school district's elected board with an additional representative rotated among the four schools. The Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to the U.S. Grant Joint Vocational School, Patti Patton, who serves as Treasurer, at 3046 State Route 125, Bethel, Ohio 45106.

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 19 - INSURANCE PURCHASING POOL

A. Clermont County Health Trust

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

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

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

C. Ohio School Plan

Ohio School Plan – The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

Williamsburg Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

NOTE 20 – STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE 21 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B. Litigation

The School District is not currently party to legal proceedings.

NOTE 22 – FISCAL WATCH

During fiscal year 2001, the personal property tax collected by the Clermont County Auditor was overestimated by approximately \$748,125. The miscalculation included amounts that were paid directly to the School District from the taxpayer rather than collected by the County from the taxpayer; thereby, causing the School District's revenues to be overstated. The error was discovered by the School District in January, 2001. The correction of the error produced an operating deficit in the general fund, as revenues were not large enough to cover expenditures.

The State Auditor's office performed a fiscal watch analysis that concluded the following:

- The operating deficit in the general fund exceeded eight percent of the general fund revenues for the prior fiscal year;
- the School District's unencumbered and unreserved cash balance for the preceding fiscal year was less than eight percent of the preceding fiscal year expenditures; and
- the School District has not passed a levy that will eliminate the first two conditions.

The School District was placed into Fiscal Watch on April 6, 2001. The School District has submitted a Financial Recovery Plan, which includes staff reductions, along with the School District obtaining the Emergency School Advancement Fund Loan for \$778,000.

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**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

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>						
Child Nutrition Cluster:						
Food Distribution Program		10.550		\$17,154		\$16,379
National School Lunch Program		10.555	\$62,348		\$62,348	
Special Milk Program		10.556				
Total U.S. Department of Agriculture - Child Nutrition Cluster			<u>62,348</u>	<u>17,154</u>	<u>62,348</u>	<u>16,379</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-01 6B-SF-02			4,377 66,609	
Special Education - Preschool Grant		84.173				
Total Special Education Cluster			<u>66,609</u>		<u>70,986</u>	
Adult Education- State Grant Program		84.002				
Bilingual Education		84.003				
Grants to Local Educational Agencies (ESEA Title I)		C1-S1-01 C1-S1-02			10,401 143,772	
			159,437		154,173	
Drug-Free Schools Grant		DR-S1-01 DR-S1-02			1,418 2,488	
			4,270		3,906	
Goals 2000 Grant		G2-S2-00 G2-S6-00 G2-S6-01			11,002 3,464 10,065	
			13,000		24,531	
Eisenhower Professional Development Grant		MS-S1-00 MS-S1-01 MS-S1-02			3,760 1,562 331	
			6,004		5,653	
Innovative Educational Program		C2-S1-01 C2-S1-02			1,649 1,951	
			5,627		3,600	
Comprehensive School Reform		RF-S2-02 RF-S1-00			31,419	
			50,000		31,419	
Title VI-R		CR-S1-01 CR-S1-02			12,657 19,690	
			2,417		32,347	
			31,747			
			34,164			
Total Department of Education			<u>339,111</u>		<u>326,615</u>	
Totals			<u><u>\$401,459</u></u>	<u><u>\$17,154</u></u>	<u><u>\$388,963</u></u>	<u><u>\$16,379</u></u>

The accompanying notes are an integral part of this schedule.

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair value of the commodities received and consumed. Federal cash receipts are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.



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

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

Board of Education:

We have audited the financial statements of the Williamsburg Local School District, Clermont County, Ohio (the District), as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated December 16, 2002 wherein we noted that the District is experiencing financial difficulties. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that is required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 16, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 16, 2002.

Williamsburg Local School District
Clermont County
Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, the Board of Education, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

December 16, 2002



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

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

To The Board of Education:

Compliance

We have audited the compliance of the Williamsburg Local School District, Clermont County, 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 are applicable to its major federal program for the fiscal year ended June 30, 2002. 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, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the fiscal year ended June 30, 2002.

Internal Control Over Compliance

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

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

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

This report is intended for the information and use of the audit committee, management, Board of Education, 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.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large loop at the end of the name.

Jim Petro
Auditor of State

December 16, 2002

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title 1- CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > N/A 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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**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2001-10413-001	ORC, 5705.41(D), Failure to certify funds.	Yes	Corrected.
2001-10413-002	ORC, 9.38, not depositing with Treasurer within 24 hours and failure to review and approve "Game Report" forms.	No	Not Corrected. Reported in Management letter.



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WILLIAMSBURG LOCAL SCHOOL DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 7, 2003**