



Mary Taylor, CPA  
Auditor of State



**WILLIAMSBURG LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

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# Mary Taylor, CPA

## Auditor of State

### 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamsburg Local School District, Clermont County, Ohio (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Williamsburg Local School District, Clermont County, Ohio, as of June 30, 2006, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund 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 April 23, 2007, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting and compliance, that report describes the scope of our testing and internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 23, 2007

**Williamsburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited

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As management of the Williamsburg Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the *Governmental Accounting Standards Board (GASB)* in their *Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

- The assets of the Williamsburg Local School District exceeded its liabilities at June 30, 2006 by \$10,058,938.
- The School District's net assets increased by \$727,903 during this fiscal year's operations.
- General revenues accounted for \$8,431,446 or 83 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$1,759,064 or 17 percent of total revenues of \$10,190,510.
- The School District had \$9,462,607 in expenses related to governmental activities; only \$1,759,064 of these expenses were offset by program specific charges for services and sales, grants, contributions and interest.

**Using the Basic Financial Statements**

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the School District as a whole, and present a longer term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the School District's major funds, with all other nonmajor funds presented in total in one column. The major funds for the Williamsburg Local School District are the General Fund and the Debt Service Fund.

**Williamsburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
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## **Reporting the School District as a Whole**

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2006?" The *Statement of Net Assets* and the *Statement of Activities*, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all *assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds.

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

**Fiduciary Funds** - The School District's fiduciary funds consist of an agency fund. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.



**Williamsburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for fiscal years 2006 and 2005:

(Table 1)  
Net Assets  
Governmental Activities

	2006	2005	Change
<b>Assets</b>			
Current and Other Assets	\$7,744,873	\$6,731,025	\$1,013,848
Capital Assets	9,749,175	9,914,763	(165,588)
Total Assets	<u>17,494,048</u>	<u>16,645,788</u>	<u>848,260</u>
<b>Liabilities</b>			
Long-Term Liabilities	3,817,425	3,764,747	52,678
Other Liabilities	3,617,685	3,550,006	67,679
Total Liabilities	<u>7,435,110</u>	<u>7,314,753</u>	<u>120,357</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	6,625,052	6,630,642	(5,590)
Restricted	825,941	650,671	175,270
Unrestricted	2,607,945	2,049,722	558,223
Total Net Assets	<u><u>\$10,058,938</u></u>	<u><u>\$9,331,035</u></u>	<u><u>\$727,903</u></u>

Total assets increased by \$848,260. This increase was primarily due to an increase in equity in pooled cash and cash equivalents in the amount of \$618,336 due mainly to increases in property taxes, grants, interest, and revenue in lieu of taxes which were offset by slight increases in expenses. Restricted net assets increased in the amount of \$175,270. Unrestricted net assets increased due to slight increases in State funding offset by minimal increases in expenses.

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

**Williamsburg Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2006**  
**Unaudited**

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

(Table 2)  
Change in Net Assets  
Governmental Activities

	2006	2005	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$771,645	\$739,937	\$31,708
Operating Grants, Contributions and Interes	980,669	775,115	205,554
Capital Grants and Contributions	6,750	8,295	(1,545)
<b>Total Program Revenues</b>	<b>1,759,064</b>	<b>1,523,347</b>	<b>\$235,717</b>
General Revenues:			
Property Taxes	3,543,780	2,964,396	579,384
Grants and Entitlements not			
Restricted to Specific Programs	3,941,316	3,726,051	215,265
Gifts and Donations	5,436	5,606	(170)
Investment Earnings	184,591	75,997	108,594
Revenue in Lieu of Taxes	540,812	370,738	170,074
Gain on Sale of Capital Assets	946	0	946
Miscellaneous	214,565	140,065	74,500
<b>Total General Revenues</b>	<b>8,431,446</b>	<b>7,282,853</b>	<b>1,148,593</b>
<b>Total Revenues</b>	<b>\$10,190,510</b>	<b>\$8,806,200</b>	<b>\$1,384,310</b>

(continued)

**Williamsburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited

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

	2006	2005	Change
<b>Program Expenses</b>			
Instruction:			
Regular	\$3,980,436	\$3,496,855	\$483,581
Special	1,053,163	842,064	211,099
Vocational	78,572	72,362	6,210
Student Intervention Services	4,549	0	4,549
Support Services:			
Pupils	299,310	250,660	48,650
Instructional Staff	510,848	395,904	114,944
Board of Education	33,836	26,564	7,272
Administration	740,119	690,060	50,059
Fiscal	266,858	262,708	4,150
Operation and Maintenance of Plant	1,099,625	981,487	118,138
Pupil Transportation	575,333	567,643	7,690
Central	5,000	0	5,000
Operation of Non-Instructional Services:			
Other	19,073	30,557	(11,484)
Food Service Operations	394,127	366,944	27,183
Extracurricular Activities	213,586	216,919	(3,333)
Interest and Fiscal Charges	188,172	195,062	(6,890)
Total Expenses	9,462,607	8,395,789	1,066,818
Increase in Net Assets	727,903	410,411	317,492
Net Assets at Beginning of Year	9,331,035	8,920,624	410,411
Net Assets at End of Year	\$10,058,938	\$9,331,035	\$727,903

Program revenues increased by \$235,717. Operating grants and contributions increased by \$205,554 due to increases in State funding for special instruction, and Federal funding for Title VI-B and Title I funding. Property taxes increased by \$579,384 due to a property tax reappraisal that took place in calendar year 2005 and an increase in emergency tax levy funding of \$390,932. Grants and entitlements not restricted for specific purposes increased by \$215,265 due to an increase in State foundation funding.

**Williamsburg Local School District**  
**Management's Discussion and Analysis**  
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Program expenses increased by \$1,066,818. Instruction increased by \$705,439 and support services increased by \$355,903 due to an increase in certificated salaries of 3.5 percent, a larger than normal expense in substitutes due to several certificated staff out on extended medical leave, and additional special education personal attendants added during the year.

**Governmental Activities**

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

(Table 3)  
**Governmental Activities**

	Total Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2006	Net Cost of Services 2005
Instruction	\$5,116,720	\$4,411,281	(\$4,212,233)	(\$3,804,448)
Support Services	3,530,929	3,175,026	(3,100,341)	(2,610,745)
Operation of Non-Instructional Services	413,200	397,501	(67,612)	(104,158)
Extracurricular Activities	213,586	216,919	(135,185)	(158,029)
Interest and Fiscal Charges	188,172	195,062	(188,172)	(195,062)
<b>Total Expenses</b>	<b>\$9,462,607</b>	<b>\$8,395,789</b>	<b>(\$7,703,543)</b>	<b>(\$6,872,442)</b>

**The School District's Funds**

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,044,958 and expenditures of \$9,245,248. The net change in fund balance for the fiscal year was most significant in the General Fund, an increase of \$689,853. This increase was caused primarily by increases in taxes, intergovernmental revenue, and revenue in lieu of taxes that were enough to offset increased expenditures of \$615,316 over fiscal year 2005. The net change in fund balance for the fiscal year in the Debt Service Fund was an increase of \$75,788. This increase was caused primarily by tax collections for the payment of debt service exceeding the amount required to make annual debt service payments.

**Williamsburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited

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**General Fund - Budget Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. During the course of fiscal year 2006, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

The School District's ending unobligated cash balance was \$316,826 above the final budgeted amount in the General Fund.

For the General Fund, original budgeted revenues were \$7,488,715 and final budgeted revenues were \$8,321,903. This represents an increase in estimated revenue of \$833,188, which was primarily due to the increase in property taxes related to a new property valuation in calendar year 2005, and an increase in State funding. The difference between actual budget basis revenues and final budget basis revenues was \$133.

Original budgeted expenditures in the General Fund were \$7,915,127 and final budgeted expenditures were \$8,359,308. This represents an increase in estimated expenditures of \$444,181, which was due primarily to an increase in regular instruction of \$253,867 and an increase of \$73,099 in special instruction. The difference between actual budget basis expenditures and final budgeted expenditures was \$326,693.

**Capital Assets and Debt Administration**

***Capital Assets***

The Williamsburg Local School District's investment in capital assets as of June 30, 2006 was \$9,749,175. This investment in capital assets includes land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal year 2006 balances compared to fiscal year 2005:

**Williamsburg Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2006**  
**Unaudited**

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

	2006	2005
Land	\$99,200	\$99,200
Land Improvements	196,132	164,033
Buildings and Improvements	8,592,785	8,774,184
Furniture, Fixtures, and Equipment	616,950	653,677
Vehicles	244,108	223,669
<b>Totals</b>	<b>\$9,749,175</b>	<b>\$9,914,763</b>

Net capital assets decreased \$165,588 from the prior fiscal year. This was due to deletions and depreciation expense exceeding additions.

For more information on capital assets, refer to note 8 to the basic financial statements.

***Debt***

At June 30, 2006 the School District had \$3,115,000 in bonds outstanding with \$150,000 due within one year. Table 5 summarizes bonds outstanding:

(Table 5)  
**Outstanding Debt, at Fiscal Year-End**  
**Governmental Activities**

	2006	2005
General Obligation Bonds:		
1996 School Improvement Bonds 3.40%	\$3,115,000	\$3,260,000

The School District's overall legal debt margin was \$7,322,881 with an unvoted debt margin of \$109,816 at June 30, 2006.

For more information on debt, refer to note 15 to the basic financial statements.

**Williamsburg Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited

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### **District Challenges for the Future**

In April, 2001 the School District was placed in Fiscal Watch by the Auditor of State. Since that time, the School District has made major reductions in both teaching and non-teaching staff and other reductions in expenditures affecting all areas of operating the School District. Strong and effective fiscal constraints and controls, as well as reallocating resources, have assisted in the School District's recovery. Furthermore, a consultant with the Ohio Department of Education meets with administration each month to advise on financial and other operational matters.

Issues of funding continue as a concern, and particularly, personal property tax revenue and changes in laws. Prior to 1999, the School District received thirty-five percent of total tax revenue from personal property taxes paid by businesses. In 1999, a local business representing twenty-five percent of the School District's tax revenue was given a tax abatement to develop a foreign trade zone. The School District negotiated a Pilot Agreement with the business to pay a portion of the tax which they were paying to the State, directly to the School District.

A new Budget Bill (HB66) was passed by the State Legislators in 2005. This legislation mandated that the personal property tax assessment rate imposed on machinery, equipment and inventories of manufacturers be reduced at the rate of about one fourth each year until it is phased out in fiscal year 2009. Since the Pilot Agreement with Milacron is based on the law, payment to the School District is being reduced at the same rate. Given the School District's significant reliance on this source of revenue, its elimination would have a significant impact.

School District personnel continue to make strides in the area of educating students. Their efforts assured that the School District continued as Effective on the State Report Card in the 2005 - 2006 school year. Teaching and non-teaching staff continue to provide a quality education to students, without many of the resources available to larger districts. All School District staff are committed to achieving excellence in all programs offered.

In conclusion, the Williamsburg Local School District's system of financial planning, budgeting and internal financial controls are well regarded. Uncertainties in funding, those described above and others, require management to plan carefully and prudently to provide the resources to meet student needs over the next several years. The School District plans to continue its sound fiscal management to meet the challenges of the future and to provide the best educational opportunities to its children.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Robin Davenport, Treasurer at Williamsburg Local School District, 549A West Main Street, Williamsburg, OH 45176 or email at [Davenport\\_r@burgschools.org](mailto:Davenport_r@burgschools.org).

**Williamsburg Local School District**

Statement of Net Assets

June 30, 2006

	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$4,138,116
Accrued Interest Receivable	7,341
Accounts Receivable	1,021
Prepaid Items	12,309
Materials and Supplies Inventory	5,586
Intergovernmental Receivable	36,513
Property Taxes Receivable	3,543,987
Capital Assets:	
Land	99,200
Depreciable Capital Assets, Net	<u>9,649,975</u>
<i>Total Assets</i>	<u>17,494,048</u>
<b><u>Liabilities:</u></b>	
Accounts Payable	34,139
Accrued Wages and Benefits	638,079
Contracts Payable	10,283
Intergovernmental Payable	222,875
Deferred Revenue	2,697,222
Accrued Interest Payable	15,087
Long-Term Liabilities:	
Due Within One Year	248,255
Due in More Than One Year	<u>3,569,170</u>
<i>Total Liabilities</i>	<u>7,435,110</u>
<b><u>Net Assets:</u></b>	
Invested in Capital Assets, Net of Related Debt	6,625,052
Restricted for:	
Capital Outlay	8,386
Debt Service	561,277
Other Purposes	109,919
Set-Asides	146,359
Unrestricted	<u>2,607,945</u>
<i>Total Net Assets</i>	<u><u>\$10,058,938</u></u>

See accompanying notes to the basic financial statements



**Williamsburg Local School District**  
**Statement of Activities**  
For the Fiscal Year Ended June 30, 2006

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest		Capital Grants and Contributions
<b><u>Governmental Activities:</u></b>					
Instruction:					
Regular	\$3,980,436	\$242,767	\$116,947	\$0	(\$3,620,722)
Special	1,053,163	0	534,987	0	(518,176)
Vocational	78,572	0	9,786	0	(68,786)
Student Intervention Services	4,549	0	0	0	(4,549)
Support Services:					
Pupils	299,310	0	65,980	0	(233,330)
Instructional Staff	510,848	0	87,387	0	(423,461)
Board of Education	33,836	0	0	0	(33,836)
Administration	740,119	0	3,680	0	(736,439)
Fiscal	266,858	0	0	0	(266,858)
Operation and Maintenance of Plant	1,099,625	230,424	1,199	0	(868,002)
Pupil Transportation	575,333	0	36,918	0	(538,415)
Central	5,000	0	5,000	0	0
Operation of Non-Instructional Services:					
Other	19,073	0	0	0	(19,073)
Food Service Operations	394,127	235,177	110,411	0	(48,539)
Extracurricular Activities	213,586	63,277	8,374	6,750	(135,185)
Interest and Fiscal Charges	188,172	0	0	0	(188,172)
<b>Total Governmental Activities</b>	<b>\$9,462,607</b>	<b>\$771,645</b>	<b>\$980,669</b>	<b>\$6,750</b>	<b>(7,703,543)</b>

**General Revenues:**

Property Taxes Levied for:	
General Purposes	3,111,847
Debt Service	384,758
Capital Outlay	47,175
Grants and Entitlements not Restricted to Specific Programs	3,941,316
Gifts and Donations	5,436
Investment Earnings	184,591
Revenue in Lieu of Taxes	540,812
Gain on Sale of Capital Assets	946
Miscellaneous	214,565
<b>Total General Revenues</b>	<b>8,431,446</b>
<b>Change in Net Assets</b>	<b>727,903</b>
<b>Net Assets at Beginning of Year</b>	<b>9,331,035</b>
<b>Net Assets at End of Year</b>	<b>\$10,058,938</b>

See accompanying notes to the basic financial statements

**Williamsburg Local School District**

Balance Sheet

Governmental Funds

June 30, 2006

	General Fund	Debt Service Fund	All Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$3,332,901	\$483,233	\$175,623	\$3,991,757
Materials and Supplies Inventory	0	0	5,586	5,586
Accrued Interest Receivable	7,341	0	0	7,341
Accounts Receivable	1,021	0	0	1,021
Intergovernmental Receivable	14,293	0	22,220	36,513
Prepaid Items	12,309	0	0	12,309
Property Taxes Receivable	3,120,413	376,901	46,673	3,543,987
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	146,359	0	0	146,359
<i>Total Assets</i>	<u>\$6,634,637</u>	<u>\$860,134</u>	<u>\$250,102</u>	<u>\$7,744,873</u>
<b><u>Liabilities:</u></b>				
Accounts Payable	\$17,274	\$0	\$16,865	\$34,139
Accrued Wages and Benefits	585,126	0	52,953	638,079
Contracts Payable	10,283	0	0	10,283
Intergovernmental Payable	197,208	0	25,667	222,875
Deferred Revenue	2,569,154	305,701	37,973	2,912,828
<i>Total Liabilities</i>	<u>3,379,045</u>	<u>305,701</u>	<u>133,458</u>	<u>3,818,204</u>
<b><u>Fund Balances:</u></b>				
Reserved for Encumbrances	128,147	0	12,601	140,748
Reserved for Property Taxes	558,600	71,200	8,700	638,500
Reserved for Textbooks and Instructional Materials	146,359	0	0	146,359
Unreserved:				
Undesignated, Reported in:				
General Fund	2,422,486	0	0	2,422,486
Special Revenue Funds	0	0	86,957	86,957
Debt Service Fund	0	483,233	0	483,233
Capital Projects Funds	0	0	8,386	8,386
<i>Total Fund Balances</i>	<u>3,255,592</u>	<u>554,433</u>	<u>116,644</u>	<u>3,926,669</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,634,637</u>	<u>\$860,134</u>	<u>\$250,102</u>	<u>\$7,744,873</u>

See accompanying notes to the basic financial statements

**Williamsburg Local School District**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2006

**Total Governmental Fund Balances** \$3,926,669

*Amounts reported for governmental activities in the  
 Statement of Net Assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	99,200	
Capital assets	15,062,748	
Accumulated depreciation	(5,412,773)	
Total capital assets	9,749,175	9,749,175

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Taxes	208,265	
Interest	7,341	
	215,606	215,606

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Bonds payable	(3,115,000)	
Capital Lease Payable	(9,123)	
Accrued Interest	(15,087)	
Special Termination Benefits	(111,528)	
Compensated Absences	(581,774)	
Total liabilities	(3,832,512)	(3,832,512)

**Net Assets of Governmental Activities** \$10,058,938

See accompanying notes to the basic financial statements

**Williamsburg Local School District**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2006

	General Fund	Debt Service Fund	All Other Governmental Funds	Total Governmental Funds
<b><u>Revenues:</u></b>				
Property Taxes	\$2,989,813	\$369,537	\$45,298	\$3,404,648
Intergovernmental	4,178,244	41,885	693,482	4,913,611
Interest	176,173	0	2,175	178,348
Tuition and Fees	242,767	0	0	242,767
Rent	230,424	0	0	230,424
Extracurricular Activities	10,096	0	53,181	63,277
Gifts and Donations	8,245	0	12,315	20,560
Customer Sales and Services	0	0	235,177	235,177
Revenue in Lieu of Taxes	540,812	0	0	540,812
Miscellaneous	171,591	0	42,974	214,565
Increase in Fair Value of Investments	769	0	0	769
<i>Total Revenues</i>	<u>8,548,934</u>	<u>411,422</u>	<u>1,084,602</u>	<u>10,044,958</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	3,574,001	0	103,583	3,677,584
Special	737,226	0	287,626	1,024,852
Vocational	72,617	0	0	72,617
Student Intervention Services	4,549	0	0	4,549
Support Services:				
Pupils	226,883	0	66,645	293,528
Instructional Staff	389,607	0	89,938	479,545
Board of Education	33,836	0	0	33,836
Administration	713,899	0	1,996	715,895
Fiscal	265,772	2,834	349	268,955
Operation and Maintenance of Plant	981,015	0	45,665	1,026,680
Pupil Transportation	572,902	0	1,360	574,262
Central	0	0	5,000	5,000
Operation of Non-Instructional Services:				
Other	19,073	0	0	19,073
Food Service Operations	0	0	373,635	373,635
Extracurricular Activities	158,184	0	50,821	209,005
Capital Outlay	92,406	0	25,109	117,515
Debt Service				
Principal Retirement	14,998	145,000	0	159,998
Interest and Fiscal Charges	919	187,800	0	188,719
<i>Total Expenditures</i>	<u>7,857,887</u>	<u>335,634</u>	<u>1,051,727</u>	<u>9,245,248</u>
<i>Excess of Revenues Over Expenditures</i>	<u>691,047</u>	<u>75,788</u>	<u>32,875</u>	<u>799,710</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers In	0	0	2,500	2,500
Proceeds from Sale of Capital Assets	1,306	0	0	1,306
Transfers Out	(2,500)	0	0	(2,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,194)</u>	<u>0</u>	<u>2,500</u>	<u>1,306</u>
<i>Net Change in Fund Balances</i>	689,853	75,788	35,375	801,016
<i>Fund Balances at Beginning of Year</i>	<u>2,565,739</u>	<u>478,645</u>	<u>81,269</u>	<u>3,125,653</u>
<i>Fund Balances at End of Year</i>	<u>\$3,255,592</u>	<u>\$554,433</u>	<u>\$116,644</u>	<u>\$3,926,669</u>

See accompanying notes to the basic financial statements

**Williamsburg Local School District**  
 Reconciliation of the Change in Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2006

**Net Change in Fund Balances - Total Governmental Funds** \$801,016

*Amounts reported for governmental activities in the  
 Statement of Activities are different because:*

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

Capital asset additions	171,196	
Depreciation expense	<u>(336,424)</u>	
Excess of capital outlay over depreciation expense		(165,228)

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the capital assets are removed from the capital assets account in the Statement of Net Assets and offset against the proceeds from the sale of capital assets resulting in a gain on the sale of capital assets in the Statement of Activities.

Proceeds from sale of capital assets	(1,306)	
Gain on disposal of capital assets	<u>946</u>	
		(360)

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

Delinquent property taxes	139,132	
Interest	<u>5,474</u>	
		144,606

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current fiscal year, these amounts consist of:

Bond principal retirement	145,000	
Capital lease payment	<u>14,998</u>	
Total long-term debt repayment		159,998

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The additional amount of interest on the Statement of Activities is the result of the following:

Decrease in accrued interest		547
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Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in special termination benefits	(111,528)	
Increase in compensated absences	<u>(101,148)</u>	
Total additional expenditures		<u>(212,676)</u>

**Change in Net Assets of Governmental Activities** \$727,903

See accompanying notes to the basic financial statements

**Williamsburg Local School District**  
Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b><u>Revenues:</u></b>				
Property Taxes	\$2,716,906	\$2,833,413	\$2,833,413	\$0
Intergovernmental	3,632,653	4,178,244	4,178,244	0
Interest	152,945	175,916	176,173	257
Tuition and Fees	217,318	249,957	249,853	(104)
Rent	200,335	230,424	230,424	0
Extracurricular Activities	83	96	96	0
Gifts and Donations	7,186	8,265	8,245	(20)
Revenue in Lieu of Taxes	470,193	540,812	540,812	0
Miscellaneous	91,094	104,776	104,776	0
<i>Total Revenues</i>	<u>7,488,713</u>	<u>8,321,903</u>	<u>8,322,036</u>	<u>133</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	3,393,041	3,646,908	3,608,379	38,529
Special	682,141	755,240	741,807	13,433
Vocational	73,133	72,458	72,458	0
Student Intervention Services	4,028	4,468	4,468	0
Support Services:				
Pupils	227,095	242,581	240,196	2,385
Instructional Staff	380,932	416,013	410,021	5,992
Board of Education	29,728	32,915	32,915	0
Administration	663,106	723,667	721,227	2,440
Fiscal	269,857	278,008	275,442	2,566
Operation and Maintenance of Plant	1,094,250	1,093,742	1,055,100	38,642
Pupil Transportation	581,863	613,222	593,260	19,962
Operation of Non-Instructional Services	22,877	25,377	18,060	7,317
Extracurricular Activities	149,097	165,012	160,248	4,764
Capital Outlay	343,978	289,697	99,034	190,663
<i>Total Expenditures</i>	<u>7,915,126</u>	<u>8,359,308</u>	<u>8,032,615</u>	<u>326,693</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(426,413)</u>	<u>(37,405)</u>	<u>289,421</u>	<u>326,826</u>
<b><u>Other Financing Sources (Uses):</u></b>				
Proceeds from Sale of Capital Assets	0	1,306	1,306	0
Refund of Prior Year Expenditures	0	52,856	52,856	0
Advances In	0	75,000	75,000	0
Transfers Out	0	(2,500)	(2,500)	0
Advances Out	0	(55,000)	(65,000)	(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>71,662</u>	<u>61,662</u>	<u>(10,000)</u>
<i>Net Change in Fund Balance</i>	<u>(426,413)</u>	<u>34,257</u>	<u>351,083</u>	<u>316,826</u>
<i>Fund Balance at Beginning of Year</i>	<u>2,593,908</u>	<u>2,593,908</u>	<u>2,593,908</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>379,206</u>	<u>379,206</u>	<u>379,206</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$2,546,701</u></u>	<u><u>\$3,007,371</u></u>	<u><u>\$3,324,197</u></u>	<u><u>\$316,826</u></u>

See accompanying notes to the basic financial statements

**Williamsburg Local School District**  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Fund  
June 30, 2006

	<u>Agency</u>
<b><u>Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$38,591</u>
<b><u>Liabilities:</u></b>	
Undistributed Monies	<u>\$38,591</u>

See accompanying notes to the basic financial statements

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**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:*

The 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 services, and student related activities of the School District.

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

The School District participates in two jointly governed organizations and two insurance purchasing pools. These organizations are discussed in Notes 17 and 18 of the basic financial statements. These organizations are:

Jointly Governed Organizations:

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

Insurance Purchasing Pools

Clermont County Insurance Consortium  
Ohio School Plan



**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 governmental 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**

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements**

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

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

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Fund Financial Statements

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

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid 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. All funds of the School District fall within two categories: governmental and fiduciary.

Governmental Funds

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

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

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

*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.

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

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Fiduciary Fund

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

**C. Measurement Focus**

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets.

Fund Financial Statements

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

**D. Basis of Accounting**

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

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Revenue – Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

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

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

**E. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2006, the School District invested in the State Treasury Asset Reserve of Ohio (STAROhio), Fifth Third Institutional Government Money Market Mutual Fund, Federal Home Loan Bank Bonds, and Federal Home Loan Mortgage Corporation Notes. Investments are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2006.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2006 amounted to \$176,173 which includes \$42,584 assigned from other School District funds.

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

**F. Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventories consist of purchased food held for resale and consumable supplies.

**G. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash equivalents legally required to be set aside by the School District for textbooks and instructional materials.

*Williamsburg Local School District*  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**I. Capital Assets**

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

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

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

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

**J. Accrued Liabilities and Long-Term Obligations**

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

*Williamsburg Local School District*  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

**K. Compensated Absences**

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

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

**L. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service and music and athletic programs, and federal and State grants restricted to expenditures for specified purposes.

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

The government-wide Statement of Net Assets reports \$825,941 of restricted net assets, none of which is restricted by enabling legislation.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**M. Fund Balance Reserves**

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, and textbooks and instructional materials.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute for fiscal year 2006.

**N. Interfund Transactions**

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

**O. Estimates**

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

**P. Budgetary Process**

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



**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

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

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

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2006, the School District has implemented *GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries"*, and *GASB Statement No. 47, "Accounting for Termination Benefits."*

*GASB Statement No. 42* establishes accounting and financial reporting standards for the impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The implementation of this statement had no effect on the School District's financial statements for fiscal year 2006.

*GASB Statement No. 47* establishes accounting and financial reporting standards for termination benefits. This statement clarifies and establishes reporting requirements for those benefits provided by employers to employees as an incentive or settlement for voluntary early termination or as a consequence of the involuntary early termination of services. See Note 13 for disclosure of special termination benefits.

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Change in the Fair Value of Investment is not included on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statement.
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	\$689,853
Adjustments:	
Revenue Accruals	(174,811)
Net Decrease in Fair Value of Investments - Fiscal Year 2005	795
Net Decrease in Fair Value of Investments - Fiscal Year 2006	(26)
Expenditure Accruals	(19,639)
Advances	10,000
Encumbrances	(155,089)
Budget Basis	\$351,083

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$156,177 of the School District's bank balance of \$356,177 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2006, the School District had the following investments, which are in an internal investment pool:

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$3,440,849	Average 35 Days
Fifth Third Institutional Government Money Market Mutual Fund	19,906	Average 90 Days
Federal Home Loan Bank Bonds	198,812	Less than one year
Federal Home Loan Mortgage Corporation Notes	299,319	Less than one year
Total Investments	<u>\$3,958,886</u>	

Interest Rate Risk

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

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

Credit Risk

STAROhio and the Fifth Third Institutional Government Money Market Mutual Fund carry a rating of AAAM by Standard and Poor's. The Federal Home Loan Bank Bonds and Federal Home Loan Mortgage Corporation Notes carry ratings of Aaa by Moody's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Bonds are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. Of the School District's total investments, five percent is invested in Federal Home Loan Bank Bonds and eight percent is invested in Federal Home Loan Mortgage Corporation Notes.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax 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 (used in business) located in the School District. Real property tax revenue received in calendar year 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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.

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 6 - PROPERTY TAXES** (continued)

Public utility property tax revenue received in calendar year 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Clermont and Brown Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operation is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006, was \$558,600 in the General Fund, \$71,200 in the Debt Service Fund and \$8,700 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2005, was \$402,200 in the General Fund, \$57,200 in the Debt Service Fund, and \$6,900 in the Classroom Facilities Maintenance Special Revenue Fund.

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 6 - PROPERTY TAXES** (continued)

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

The assessed values upon which fiscal year 2006 taxes were collected are:

	2005 Second- Half Collections		2006 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$94,099,460	89.69%	\$106,666,300	91.31%
Public Utility Personal	4,499,260	4.29%	4,305,940	3.69%
General Business Personal	6,320,331	6.02%	5,837,414	5.00%
Total Assessed Value	\$104,919,051	100.00%	\$116,809,654	100.00%
Tax rate per \$1,000 of assessed valuation	\$48.20		\$48.20	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2006, consisted of accrued interest, accounts, intergovernmental, and property taxes. All receivables are considered collectible in full and will be received within one year, with the exception of property taxes. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. The intergovernmental receivables are as follows:

	Amounts
<u>Governmental Activities:</u>	
High Schools That Work Grant	\$6,600
Title I - Targeted Assistance Grant	15,620
Miscellaneous Revenue	14,293
Total Intergovernmental Receivables	\$36,513

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 8 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2006 was as follows:

	Balance at 6/30/05	Additions	Deductions	Balance at 6/30/06
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$99,200	\$0	\$0	\$99,200
Capital Assets Being Depreciated:				
Land Improvements	1,436,787	48,720	0	1,485,507
Buildings and Improvements	11,507,411	48,036	0	11,555,447
Furniture, Fixtures and Equipment	1,315,744	13,590	(3,604)	1,325,730
Vehicles	635,214	60,850	0	696,064
Total Capital Assets Being Depreciated	<u>14,895,156</u>	<u>171,196</u>	<u>(3,604)</u>	<u>15,062,748</u>
Less Accumulated Depreciation:				
Land Improvements	(1,272,754)	(16,621)	0	(1,289,375)
Buildings and Improvements	(2,733,227)	(229,435)	0	(2,962,662)
Furniture, Fixtures and Equipment	(662,067)	(49,957)	3,244	(708,780)
Vehicles	(411,545)	(40,411)	0	(451,956)
Total Accumulated Depreciation	<u>(5,079,593)</u>	<u>(336,424)*</u>	<u>3,244</u>	<u>(5,412,773)</u>
Total Capital Assets Being Depreciated, Net	<u>9,815,563</u>	<u>(165,228)</u>	<u>(360)</u>	<u>9,649,975</u>
Governmental Activities Capital Assets, Net	<u><u>\$9,914,763</u></u>	<u><u>(\$165,228)</u></u>	<u><u>(\$360)</u></u>	<u><u>\$9,749,175</u></u>



**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 8 - CAPITAL ASSETS** (continued)

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$145,505
Special	14,650
Vocational	1,831
Support Services:	
Pupils	1,831
Instructional Staff	24,234
Administration	15,455
Fiscal	6,190
Operation and Maintenance of Plant	36,177
Pupil Transportation	60,555
Operation of Non-Instructional Services - Food Service Operations	25,415
Extracurricular Activities	4,581
Total Depreciation Expense	\$336,424

**NOTE 9 - RISK MANAGEMENT**

**A. Property and Liability**

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 2006, the School District contracted with Indiana Insurance for property insurance and inland marine coverage and with Harcum-Hyre Schuett for liability and fleet insurance.

Insurance coverage provided includes the following:

Building and Contents - replacement cost (\$2,500 deductible)	\$24,098,578
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

The School District, along with other school districts in Ohio, participates in the Ohio School Plan (OSP), an 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 School District pays this annual premium to the OSP. (See Note 18).

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 9 - RISK MANAGEMENT** (continued)

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

Educational 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	500,000
Fire Damage Limit - Any One Event	10,000
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 fiscal years. There have been no significant changes in coverage from the last fiscal year.

**B. Employee Benefits**

For fiscal year 2006, the School District participated in the Clermont County Insurance Consortium (the Consortium), an insurance purchasing pool, in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries (See Note 18).

**C. Workers' Compensation**

The School District pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated on accident history and administrative costs.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System (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 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, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853 or by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org).

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District 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 2006, 10.58 percent of annual covered salary was the portion 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, 2006, 2005, and 2004 were \$119,970, \$120,065, and \$90,055, respectively; 53.72 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

**B. State Teachers Retirement System of Ohio**

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004, were \$425,854, \$410,789, and \$386,817, respectively; 82.06 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$403 made by the School District and \$400 made by the plan members.

**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 of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2006, three 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 of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial 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 Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$32,758 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS Ohio had 115,395 eligible benefit recipients.

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 11 - POSTEMPLOYMENT BENEFITS** (continued)

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

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, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. 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 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$61,340.

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 projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has 58,123 participants eligible to receive health care benefits.

**NOTE 12 - COMPENSATED ABSENCES**

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

Teachers, administrators, and non-certified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 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. 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 Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 13 - SPECIAL TERMINATION BENEFITS PAYABLE**

For certified employees, the School District is offering a special termination benefit during the first year that an employee becomes eligible to retire. The benefit 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. During fiscal year 2006, special termination benefits were accrued in the amount of \$169,326 with \$57,798 being paid before year end, leaving an outstanding balance at June 30, 2006 of \$111,528. Of this balance, \$44,347 will be paid on July 15, 2006 and \$33,591 and \$33,590 will be paid in 2007 and 2008, respectively.

**NOTE 14 - CAPITALIZED LEASES – LESSEE DISCLOSURE**

In prior fiscal years, the School District had entered into a capitalized lease for the acquisition of copiers. 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 basic financial statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized in the Statement of Net Assets for governmental activities in the amount of \$69,763, which is equal to the present value of future minimum lease payments at the time of acquisition. A corresponding liability was recorded on the Statement of Net Assets for governmental activities. Principal payments in fiscal year 2006 totaled \$14,998.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Copiers	\$69,763
Less: Accumulated Depreciation	<u>(56,974)</u>
Total	<u><u>\$12,789</u></u>

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 14 - CAPITALIZED LEASES – LESSEE DISCLOSURE** (continued)

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, 2006.

Fiscal Year Ending June 30,	Payment
2007	\$9,285
Less: Amount Representing Interest	(162)
Present Value of Minimum Lease Payments	\$9,123

**NOTE 15 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2006 were as follows:

	Amount Outstanding 6/30/05	Additions	Deductions	Amount Outstanding 6/30/06	Amounts Due in One Year
<u>Governmental Activities:</u>					
1996 School Improvement General					
Obligation Bonds - 3.4%	\$3,260,000	\$0	\$145,000	\$3,115,000	\$150,000
Capital Lease Payable	24,121	0	14,998	9,123	9,123
Compensated Absences	480,626	179,706	78,558	581,774	44,785
Special Termination Benefits	0	169,326	57,798	111,528	44,347
Total Governmental Activities Long-Term Obligations	\$3,764,747	\$349,032	\$296,354	\$3,817,425	\$248,255

*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.

Compensated absences will be paid from the General Fund and the Food Service, Title I, and Improving Teacher Quality Special Revenue Funds. Capital lease obligations will be paid from the General Fund. Special termination benefits will be paid from the General Fund.

The School District's overall legal debt margin was \$7,322,881 with an unvoted debt margin of \$109,816 at June 30, 2006.

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 15 - LONG-TERM OBLIGATIONS** (continued)

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2006, are as follows:

GENERAL OBLIGATION BONDS			
Fiscal year Ending June 30,	Principal	Interest	Total
2007	\$150,000	\$166,253	\$316,253
2008	185,000	143,769	328,769
2009	195,000	134,174	329,174
2010	205,000	124,125	329,125
2011	215,000	113,625	328,625
2012-2016	1,250,000	391,000	1,641,000
2017-2019	915,000	70,125	985,125
Total	\$3,115,000	\$1,143,071	\$4,258,071

**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 instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Textbooks and Instructional Materials	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2005	\$128,240	\$0
Current Fiscal Year Set-aside Requirement	140,214	140,214
Current Fiscal Year Offsets	0	(43,658)
Qualifying Disbursements	(122,095)	(239,298)
Totals	\$146,359	(\$142,742)
Set-aside Reserve Balance Carried Forward to Future Fiscal Years	\$146,359	\$0
Set-aside Reserve Balance as of June 30, 2006	\$146,359	\$0



**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 16 - SET-ASIDE CALCULATIONS** (continued)

Although the School District had offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount for capital acquisitions to below zero, this extra amount may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

**NOTE 17 - 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 \$50,318 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 districts' elected boards with an additional representative rotated among the four schools. The Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to the U.S. Grant Joint Vocational School, Patti Patton, who serves as Treasurer, at 3046 State Route 125, Bethel, Ohio 45106.

**NOTE 18 - INSURANCE PURCHASING POOLS**

**A. Clermont County Insurance Consortium**

The Clermont County Insurance Consortium (the Consortium), an insurance purchasing pool, is an insurance consortium 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 is elected by the vote of a majority of the member school districts. The School District pays premiums to a third party administrator, Southwestern Ohio 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 Consortium. The School District may terminate participation in the Consortium for the benefit of its employees upon written notice to the Trustee delivered at least sixty days prior to the annual review date of the policy. Financial information can be obtained from Dr. Alexander, Administrator of the Clermont County Insurance Consortium, at 2400 Clermont Center Drive, Suite 202, Batavia, OH 45103.

**B. Ohio School Plan**

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The 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 OSP 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 an independent consultant of the Hylant Group, 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-Schuett Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

**NOTE 19 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2006.

**Williamsburg Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2006

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**NOTE 19 – CONTINGENCIES** (continued)

**B. Litigation**

The School District is party to one legal proceeding. No liability has been accrued on the Balance Sheet. The School District's management is of the opinion that the ultimate disposition of this legal proceeding will not have a material effect, if any, on the financial condition of the School District.

**NOTE 20 – FISCAL WATCH**

On April 9, 2001, the School District was declared in a state of Fiscal Watch because of a forecast (non-GAAP) general fund deficit in the amount of \$778,000 for the fiscal year 2001. Because of the deficit, the School District qualified for and obtained a solvency assistance advance from the State of Ohio for that fiscal year. The advance was repaid during fiscal years 2002 and 2003. Each year that the School District is in fiscal watch and a forecasted deficit exists in the general fund, an updated recovery plan is submitted to the Ohio Department of Education for the State Superintendent of Public Instruction's approval. The last plan was approved on May 21, 2001. The plan included staff reductions, reductions in transportation costs, and the consideration of placing levies on the ballot to increase revenues for the School District. The financial forecast for the fiscal years 2007 through 2011 was filed on October 26, 2006. The financial plan assumes the continued operation of the School District with no new revenues. The unreserved fund balances (non-GAAP Basis) decreases from \$1,788,000 for fiscal year 2007 to \$10,000 for fiscal year 2011.

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**WILLIAMSBURG LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	N/A	10.550	\$0	\$25,190	\$0	\$25,190
Nutrition Cluster:			\$0	\$25,190	\$0	\$25,190
National School Lunch Program	LL-P4-05 LL-P4-06	10.555 10.555	10,854 68,442		10,854 68,442	
			<u>79,296</u>		<u>79,296</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>79,296</u>		<u>79,296</u>	
Total Department of Agriculture			<b>79,296</b>	<b>25,190</b>	<b>79,296</b>	<b>25,190</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States (IDEA Part B)	6B-SF-06	84.027	212,840	0	212,840	0
Title I Grants to Local Educational Agencies	C1-S1-06	84.010	231,007	0	220,208	0
Safe and Drug-Free Schools and Communities - State Grants	DR-S1-06	84.186	6,514	0	6,514	0
Innovative Educational Program Strategies	C2-S1-06	84.298	2,725	0	1,537	0
Improving Teacher Quality	TR-S1-06	84.367	51,389	0	51,389	0
Technology Literacy Challenge Grant	TJ-S1-06	84.318	3,730	0	3,730	0
Total Department of Education			<u>508,205</u>	<u>0</u>	<u>496,218</u>	<u>0</u>
<b>Totals</b>			<b><u>587,501</u></b>	<b><u>25,190</u></b>	<b><u>575,514</u></b>	<b><u>25,190</u></b>

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

**WILLIAMSBURG LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
JUNE 30, 2006**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B— NUTRITION CLUSTER**

Cash receipts from the U.S Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C- FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.



# Mary Taylor, CPA

## Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamsburg Local School District, Clermont County, Ohio (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 23, 2007. 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 the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to material weaknesses. In a separate letter to the District's management dated April 23, 2007, we reported matters involving internal control over financial reporting we did not deem reportable conditions.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated April 23, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report 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 that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

April 23, 2007





# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON 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 apply to each of its major federal program for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirement of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on 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 year ended June 30, 2006.

#### Internal Control Over Compliance

The District's management 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 directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

We intend this report solely for the information and use of the audit committee, the Board of Education, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

April 23, 2007

**WILLIAMSBURG LOCAL SCHOOL DISTRICT  
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None





**Mary Taylor, CPA**  
Auditor of State

**WILLIAMSBURG LOCAL SCHOOL DISTRICT**

**CLERMONT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 10, 2007**