Mary Taylor, CPA
Auditor of State

Williamsburg Local School District
Clermont County, Ohio

Termination of Fiscal Watch

Local Government Services Section

WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY

FISCAL WATCH TERMINATION

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Mary Taylor, CPA
Auditor of State

Termination of Fiscal Watch

Pursuant to a request to remove the Williamsburg Local School District from Fiscal Watch submitted to the Auditor of State by the Williamsburg Local School District Board of Education, the Auditor of State has determined that Williamsburg Local School District has met the Guidelines for Release from Fiscal Watch as published by the Auditor of State and the Ohio Department of Education. The Williamsburg Local School District's status of Fiscal Watch is hereby terminated as of June 12, 2007.

Accordingly, on behalf of the Auditor of State, a report is hereby submitted to Dr. Terry Frost, President of the Board of Education of the Williamsburg Local School District, Mary Ann Lefker, Mayor of the Village of Williamsburg, J. Pari Sabety, CPA, Director of Budget and Management; and Dr. Susan Tave Zelman, State Superintendent of Public Instruction.

Sincerely,

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 14, 2007

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Declaration of Fiscal Watch

The Auditor of State, in accordance with Section 3316.03 of the Ohio Revised Code, is required to declare a school district to be in fiscal watch if it is determined that the school district meets any one of the four conditions described in Section 3316.03(A) of the Ohio Revised Code. The conditions are:

1. The Auditor of State has certified a forecasted General Fund operating deficit for the current fiscal year exceeding eight percent of the school district's General Fund revenue for the preceding fiscal year, and the district has not passed a tax levy to eliminate this condition in the succeeding year.

2. A school district has restructured its operating debt while in fiscal emergency, the fiscal emergency has been terminated and any portion of the restructured debt is still outstanding.

3. A school district was placed in fiscal caution due to budgetary conditions that could lead to a declaration of watch or emergency, the school district has not acted reasonably to correct the noted fiscal conditions, and the Ohio Department of Education has determined that a declaration of fiscal watch is necessary to prevent further fiscal decline.

4. The Auditor of State has certified a forecasted General Fund operating deficit for the current fiscal year between two percent and eight percent of the school district's General Fund revenue for the preceding fiscal year, the district has not passed a levy to eliminate the deficit in the succeeding fiscal year, and the Auditor of State determines there is no reasonable cause for the deficit or that declaring fiscal watch is necessary to prevent further fiscal decline.

The Auditor of State performed an analysis of the Williamsburg Local School District (the School District), dated April 6, 2001, to determine whether the School District met the conditions for fiscal watch and certified a General Fund operating deficit of $778,000 for the fiscal year ending June 30, 2001. This deficit exceeded eight percent of the General Fund revenues for fiscal year 2000. Additionally, the School District had not passed a levy as of April 6, 2001, that would eliminate this condition in fiscal year 2001. As a result of the analysis, the Auditor of State declared the Williamsburg Local School District to be in fiscal watch on April 6, 2001.

Guidelines for Release from Fiscal Watch

The procedures for removing a school district from fiscal watch are set forth in Guidelines for Release from Fiscal Watch, developed by the Ohio Department of Education and the Auditor of State. These guidelines permit a school district to first submit a request for release from fiscal watch in the fiscal year following the fiscal year in which the Auditor of State declared the school district in fiscal watch. A school district may not request release from fiscal watch in the same fiscal year in which the Auditor of State made the declaration. Additionally, a school district may not request release from fiscal watch until the State Superintendent of Public Instruction has approved the financial recovery plan of the school district.

A school district seeking release from fiscal watch must request release by sending a letter and board resolution to the Auditor of State and the State Superintendent of Public Instruction.

The Department of Education will:

- Determine whether the district has met the requirements of its financial recovery plan (including alleviating the conditions that led to the declaration of fiscal watch and alleviating any conditions and discontinuing any practices identified by the Auditor of State that could lead to the declaration of fiscal caution) and provide the Auditor of State with a written summary of its findings; and,

- Based on its review and analysis of the district, notify the Auditor of State whether it supports the Board of Education's request for release.

The Auditor of State's Office will:

- Determine that the district received an unqualified opinion on its most recent audit of its financial statements and that the statements were prepared in accordance with generally accepted accounting principles;

- Determine that the compliance and management letters issued as part of the most recent audit contain no material issues relating to accounting policies and procedures that could negatively impact the financial recovery or condition of the district;

- Examine the district's five-year forecast. To be eligible for release from watch, the forecast must be based on the board's most likely course of action, demonstrate that the district will avoid all fiscal watch conditions for the current and ensuing fiscal year, and receive an unqualified opinion from the Auditor of State; and,

- Make a determination regarding release and notify the school district and the Department of Education.

Analysis of Compliance with the Guidelines for Termination of Fiscal Watch

The Williamsburg Local School District Board of Education passed a resolution on September 18, 2006, requesting termination from fiscal watch. This resolution, along with recommendation for release from fiscal watch from the Ohio Department of Education, was forwarded to the Auditor of State on December 27, 2006.

- The primary strategy of the recovery plan dated May 21, 2001, was to increase operating revenues and decrease operating expenditures. Proposals to implement this strategy included the following:

  a) The moving of administrative offices to the middle/high school building and rental of the available space;

  b) The reduction of certificated and classified staff;

  c) The elimination of supplemental salaries being paid from the General Fund;

  d) The reduction of school bus maintenance, parts, and fuel;

  e) The approval for an emergency Solvency Assistance Advance from the School District Solvency Assistance Fund as allowed for under Section 3316.20 of the Ohio Revised Code; and,

  f) The consideration of local tax options such as an operating levy, permanent improvement levy or income tax levy.

- Actions taken to achieve the provisions of the plan include the following:

  a) No action has been taken to move the administrative offices; no additional rental contracts have been entered into;

  b) Certificated staff has been reduced from 71 in fiscal year 2001 to 61 in fiscal year 2007; two classified positions (Transportation and Facilities Director and Health Aide) were eliminated;

  c) No action has been taken to eliminate the supplemental salaries that are paid from the General Fund;

  d) 5 new buses were purchased to replace 6 old buses in order to reduce maintenance and parts expenditures and buses were rerouted to increase efficiency and decrease fuel costs;

  e) An emergency Solvency Assistance Advance was obtained in fiscal year 2001 in the amount of $778,000 which was repaid in fiscal years 2002 and 2003; and,

  f) Voters approved a new 6.40 mill, five year emergency levy in August, 2004 which will generate $651,000 annually through 2009.

- The Ohio Department of Education provided the Auditor of State with a letter, dated December 27, 2006, in which ODE stated "…the School District achieved the objectives of the recovery plan and should be considered for release from fiscal watch."

- The guidelines require the School District to prepare its financial statements using generally accepted accounting principles and receive an unqualified audit opinion. The School District's General Purpose External Financial Statements for the fiscal year ended June 30, 2006, were released by the Auditor of State on May 10, 2007, and included an unqualified opinion.

- As part of the analysis for termination of fiscal watch, the School District's compliance and management letters issued as part of the audit for fiscal year 2006 were reviewed. The compliance and management letters disclosed the following:

  a) The School District had no citations in the report on compliance.

  b) The management letter that accompanied the 2006 audit included a few immaterial compliance issues and recommendations. Management has either implemented or is in the process of implementing changes as a result of the noncompliance issues and recommendations. While these changes are in the interest of the School District, the audit for 2007 will determine the effectiveness of the changes.

- The Auditor of State has examined the School District's financial forecast for the fiscal years ending June 30, 2007 through 2011, to determine if the School District will avoid fiscal watch conditions for the current and ensuing fiscal years. The financial forecast and our report are included in Appendix A. The financial forecast reflects a positive unencumbered/unreserved General Fund balance through fiscal year 2010 and a deficit unencumbered/ unreserved fund balance in 2011. Events may occur that change this forecast that could eliminate the deficits and the Board of Education may take steps to eliminate the deficits by attempting to secure additional revenues and make cutbacks as needed. Our report on the financial forecast includes an unqualified opinion.

Conclusion

Based on our analysis, the Auditor of State has determined the following:

1) The School District has received an unqualified opinion on financial statements prepared in accordance with generally accepted accounting principles for the fiscal year ended June 30, 2006;

2) The compliance letter issued as part of the 2006 audit contained no noncompliance issues;

3) The management letter issued at the completion of the 2006 audit included no material compliance issues and no material recommendations;

4) The Auditor of State has examined the School District's financial forecast. The forecast demonstrates that the School District will avoid fiscal watch condition based on the General Fund balances for fiscal years 2007 through 2010. The Board of Education has sufficient time to obtain new revenue or reduce expenditures to avoid the deficit in 2011; and,

5) The Ohio Department of Education has provided a letter dated December 27, 2006, which indicates the School District has achieved the objectives of the recovery plan and should be considered for termination of fiscal watch.

The Williamsburg Local School District has met the guidelines for termination of fiscal watch. Therefore, the fiscal watch status is hereby cancelled as of June 12, 2007.

It is understood that this report's determination is for the use of the School District's Board of Education, the Superintendent of Williamsburg Local School District, the Director of Budget and Management, the State Superintendent of Public Instruction, and the Auditor of the State of Ohio, and others as designated by the Auditor of State, and is not to be used for any other purpose.

Disclaimer

Because the preceding procedures were not sufficient to constitute an audit in accordance with generally accepted auditing standards, we do not express an opinion on any specific accounts or fund balances identified above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

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APPENDIX A

Williamsburg Local School District
Clermont County

Financial Forecast

For the Fiscal Years Ending
June 30, 2007 through June 30, 2011

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Mary Taylor, CPA
Auditor of State

Board of Education
Williamsburg Local School District
549-A West Main Street
Williamsburg, Ohio 45176

Independent Accountant's Report

We have examined the accompanying forecasted statement of revenues, expenditures and changes in fund balance of the General Fund of Williamsburg Local School District for the fiscal years ending June 30, 2007 through 2011. The Williamsburg Local School District's management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance the attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying forecast is presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for management's forecast. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying statement of revenues, expenditures and changes in fund balance of the General Fund of the Williamsburg Local School District for the fiscal years ended June 30, 2004, 2005 and 2006 were compiled by us in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed this financial information, and, accordingly, do not express an opinion or any other form of assurance on them.

Sincerely,

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 11, 2007

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Williamsburg Local School District

Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Years Ended June 30, 2004 Through 2006 Actual; and
For the Fiscal Years Ending June 30, 2007 Through 2011 Forecasted
General Fund

	Fiscal Year 2004 Actual	Fiscal Year 2005 Actual	Fiscal Year 2006 Actual	Fiscal Year 2007 Forecasted
Revenues:				
General Property Taxes	$2,063,000	$2,273,000	$2,595,000	$2,708,000
Tangible Personal Property Taxes	352,000	256,000	250,000	215,000
Unrestricted Grants-in-Aid	3,513,000	3,556,000	3,820,000	3,873,000
Restricted Grants-in-Aid	82,000	36,000	49,000	44,000
Property Tax Allocation	277,000	297,000	318,000	423,000
All Other Revenues	804,000	712,000	984,000	1,021,000
Total Revenues	7,091,000	7,130,000	8,016,000	8,284,000
Other Financing Sources:				
Loan Proceeds	0	0	0	178,000
Transfers In	0	0	0	1,000
Advances In	51,000	41,000	55,000	44,000
All Other Financing Sources	2,000	4,000	54,000	0
Total Other Financing Sources	53,000	45,000	109,000	223,000
Total Revenues and Other Financing Sources	7,144,000	7,175,000	8,125,000	8,507,000
Expenditures:				
Personal Services	3,657,000	3,813,000	3,975,000	4,302,000
Employees' Retirement/Insurance Benefits	1,204,000	1,300,000	1,496,000	1,584,000
Purchased Services	964,000	1,091,000	1,436,000	1,633,000
Supplies and Materials	253,000	347,000	343,000	442,000
Capital Outlay	140,000	231,000	257,000	371,000
Debt Service:				
Principal-HB 264 Loans	0	0	0	0
Interest and Fiscal Charges	0	0	0	0
Other Objects	127,000	115,000	86,000	125,000
Total Expenditures	6,345,000	6,897,000	7,593,000	8,457,000
Other Financing Uses:				
Transfers Out	40,000	47,000	23,000	145,000
Advances Out	45,000	61,000	55,000	37,000
Total Other Financing Uses	85,000	108,000	78,000	182,000
Total Expenditures and Other Financing Uses	6,430,000	7,005,000	7,671,000	8,639,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	714,000	170,000	454,000	(132,000)
Cash Balance July 1	1,854,000	2,568,000	2,738,000	3,192,000
Cash Balance June 30	2,568,000	2,738,000	3,192,000	3,060,000
Encumbrances and Reserves:				
Actual/Estimated Encumbrances June 30	273,000	350,000	115,000	200,000
Reserve for:				
Textbooks and Instructional Materials	145,000	128,000	146,000	110,000
Capital Improvements	0	0	0	0
Budget	0	0	130,000	0
DPIA/PBA	0	0	4,000	0
Bus Purchases	218,000	8,000	0	9,000
Total Encumbrances and Reserves	636,000	486,000	395,000	319,000
Unencumbered/Unreserved Fund Balance (Deficit) June 30	1,932,000	2,252,000	2,797,000	2,741,000
Cumulative Revenue from Renewal Levies	0	0	0	0
Unencumbered/Unreserved Fund Balance (Deficit) June 30 Including Renewal Levies	$1,932,000	$2,252,000	$2,797,000	$2,741,000

See accompanying summary of significant forecast assumptions and accounting policies
See Independent Auditor's Report

Fiscal Year 2008 Forecasted	Fiscal Year 2009 Forecasted	Fiscal Year 2010 Forecasted	Fiscal Year 2011 Forecasted
$2,789,000	$2,957,000	$2,805,000	$2,499,000
183,000	116,000	65,000	8,000
3,904,000	3,990,000	4,050,000	4,435,000
44,000	44,000	44,000	44,000
477,000	529,000	585,000	587,000
757,000	530,000	339,000	374,000
8,154,000	8,166,000	7,888,000	7,947,000
0	0	0	0
0	0	0	0
37,000	37,000	37,000	37,000
0	0	0	0
37,000	37,000	37,000	37,000
8,191,000	8,203,000	7,925,000	7,984,000
4,487,000	4,680,000	4,881,000	5,091,000
1,735,000	1,760,000	1,877,000	2,003,000
1,694,000	1,651,000	1,702,000	1,777,000
407,000	400,000	394,000	424,000
321,000	205,000	208,000	221,000
5,000	9,000	9,000	10,000
5,000	7,000	7,000	7,000
115,000	109,000	109,000	108,000
8,769,000	8,821,000	9,187,000	9,641,000
130,000	42,000	46,000	27,000
37,000	37,000	37,000	37,000
167,000	79,000	83,000	64,000
8,936,000	8,900,000	9,270,000	9,705,000
(745,000)	(697,000)	(1,345,000)	(1,721,000)
3,060,000	2,315,000	1,618,000	273,000
2,315,000	1,618,000	273,000	(1,448,000)
200,000	200,000	200,000	200,000
102,000	99,000	122,000	135,000
0	16,000	30,000	44,000
0	0	0	0
0	0	0	0
3,000	4,000	4,000	6,000
305,000	319,000	356,000	385,000
2,010,000	1,299,000	(83,000)	(1,833,000)
0	0	326,000	977,000
$2,010,000	$1,299,000	$243,000	($856,000)

Note 1 - The School District

Williamsburg Local School District (the "School District") is organized under Article VI, Section 2 of the Constitution of the State of Ohio. The School District operates under a locally-elected board consisting of five members elected at-large for staggered four year terms.

The School District is located in Clermont County and encompasses all of the Village of Williamsburg and portions of Williamsburg and Jackson Townships. The legislative power of the School District is vested in the Board of Education. The School District is staffed by 52 classified employees and 65 certificated full-time personnel who provide services to 1,052 students and other community members. The School District currently operates two public schools, including one middle/high school and one elementary school.

Note 2 - Nature of the Forecast

The financial forecast presents, to the best of the Williamsburg Local School District Board of Education's knowledge and belief, the expected revenues, expenditures, and operating balance of the General Fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of May 11, 2007, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

Note 3 - Nature of the Presentation

The forecast presents the revenues, expenditures, and changes in fund balance of the General Fund. Under State law, certain General Fund resources received from the State must be spent on specific programs. These resources and the related expenditures have been segregated in the accounting records of the School District to demonstrate compliance. State laws also require General Fund resources pledged for the repayment of debt be recorded directly in the Debt Service Fund. For presentation in the forecast, the Poverty Based Assistance Fund, Disadvantaged Pupil Impact Aid (DPIA) Fund and General Fund supported debt are included in the General Fund.

Note 4 - Summary of Significant Accounting Policies

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements and encumbrances, which is consistent with the budget basis (non-GAAP) of accounting used to prepare the historical financial statements. Under this basis of accounting, certain revenues and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

B. Fund Accounting

The School District maintains its accounting records system in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

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 disbursed or transferred in accordance with Ohio law.

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

Debt Service Fund - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest.

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

Permanent Funds - Permanent funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the School District or its students.

Proprietary Funds

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services.

Internal Service Funds - Internal Service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. The Fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

C. Budgetary Process

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

Budget - A budget of estimated cash receipts and disbursements is submitted to the Clermont County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the succeeding fiscal year.

Estimated Resources - The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding fiscal year. Prior to June 30, the School District must revise its budgetary information so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation resolution.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire fiscal year. The appropriation measure may be amended or supplemented during the fiscal year as new information becomes available.

Encumbrances - The School District uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

Note 5 - General Operating Assumptions

The Williamsburg Local School District will continue to operate its instructional programs in accordance with its adopted school calendar and pay all obligations. The forecast contains those expenditures the Board of Education has determined to be necessary to provide for an adequate educational program.

Note 6 - Significant Assumptions for Revenues and Other Financing Sources

A. General and Tangible Personal Property Taxes

Property taxes are applied to real property, public utility real and personal property, manufactured homes and tangible personal property used in business which is located within the School District. Property taxes are collected for, and distributed to, the School District by the county auditor and treasurer. Settlement dates, on which collections are distributed to the School District, are established by State statute. The School District may request advances from the Clermont County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenue.

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. Property tax revenue received during calendar year 2006 (the collection year) for real and public utility property taxes represents collections of 2005 taxes (the tax year). Property tax payments received during calendar year 2006 for tangible personal property (other than public utility property) are for calendar year 2006 taxes. First half calendar year tax collections are received by the School District in the second half of the fiscal year. Second half calendar year tax distributions occur in the first half of the following fiscal year.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for real estate taxes. The State reimburses the School District for all revenues lost due to these exemptions. The amount of the reimbursement is presented in the account "Property Tax Allocation". Beginning in collection year 2006, the State eliminated the ten percent rollback on commercial and industrial property. This change increased real property taxes collected against commercial and industrial real property and decreased property tax allocation revenue.

The School District has not and does not plan to receive advances in June against the next fiscal year's scheduled property tax settlements.

In collection year 2009, an emergency levy will expire. The proceeds from the renewal of this levy are excluded from the general property tax revenues and the property tax allocation for fiscal years 2010 and 2011 because they are subject to voter approval. The estimated property tax revenues from these levies are presented in the account "Cumulative Revenue from Renewal Levies" in the forecast statement. The annual revenue generated from the emergency levy is $651,000.

The property tax revenues for the General Fund are generated from several levies. The current levies being collected for the General Fund, the year approved, last year of collection, and the full tax rate are as follows:

Tax Levies	Year Approved	Last Calendar Year of Collection	Full Tax Rate (per $1,000 of assessed valuation)
Inside Ten Mill Limitation	n/a	n/a	$3.90
Continuing Operating	1976	n/a	20.20
Continuing Operating	1977	n/a	3.90
Continuing Operating	1992	n/a	9.50
Emergency Levy ($651,000)	2004	2009	6.00
Total Tax Rate			$43.50

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to voted levies so that each levy yields the same amount of real property tax revenues on carryover property as in the prior year. For all voted levies except emergency and debt levies, increases in revenues are restricted to amounts generated from new construction. Emergency and debt levies are intended to generate a set revenue amount annually. The revenue generated by emergency and debt levies is not affected by changes in real property valuation. The reduction factors are computed annually and applied separately for residential/agricultural real property and commercial/industrial real property. Reduction factors are not applied to inside millage (an unvoted levy) nor to tangible personal property or public utility personal property levy rates. State law also prohibits the reduction factors from reducing the effective millage of the sum of the General Fund current operating levies (excluding emergency levies) plus inside millage used for operating purposes below 20 mills. For the General Fund, the effective residential and agricultural real property tax rate is $26.00 per $1,000 of assessed valuation and the effective commercial and industrial and public utility real property tax rate is $29.68 per $1,000 of assessed valuation for collection year 2007. Because the School District's General Fund millage, excluding the emergency levy, for residential and agricultural real property is at the 20 mill floor, the General Fund property tax revenue from residential and agricultural real estate tax will increase as real property valuations increase due to the reappraisal of real property.

Public utility real and personal property taxes are collected and settled by the county with real estate taxes and are recorded as general property taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, House Bill 66 will switch telephone companies from being public utilities to general business taxpayers and phase out the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after calendar year 2010 on local and inter-exchange telephone companies. The State of Ohio will reimburse the School District for the loss of tangible personal property taxes as a result of these changes within certain limitations (see Property Tax Allocation Revenue below).

<u>General Property Tax</u> - The estimated general property tax revenue is based upon actual receipts and information provided by the Clermont County Auditor. The School District anticipates a small increase in real estate taxes each year because of new construction. Additional adjustments are also anticipated. In fiscal year 2009, there is an increase due to a triennial update in property values and in fiscal years 2010 and 2011, there is a decrease due to the expiration of the Emergency Levy.

Tangible Personal Property Tax -Tangible personal property tax is levied on machinery and equipment, furniture and fixtures, and inventory of businesses. Effective for tax years 2005 and 2006, the assessment rate on business inventory, currently at 23 percent, was to be reduced by two percent if the total statewide collections of personal property taxes for the second preceding year exceed the total statewide collections of property taxes for the third preceding year. Effective for tax years 2007 and beyond, the assessment rate for inventory was to be reduced by two percent per year until it is completely phased out, regardless of the growth in collections.

Beginning in calendar year 2006, House Bill 66 will phase out by 25 percent each year tangible personal property tax on most business inventory, manufacturing machinery and equipment, and furniture and fixtures. This change supersedes the changes and phase out periods addressed above. No tangible personal property taxes will be levied or collected in calendar year 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010). Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will not be subject to any tangible personal property tax. The School District, based on the calendar year 2005 tangible personal property tax collections, will lose approximately $256,000 when the tangible personal property tax is completely phased out in 2009. These changes do not affect tangible personal property of public utilities. The State of Ohio will reimburse the School District for the loss of tangible personal property taxes as a result of the changes in House Bill 66 within certain limitations (see Property Tax Allocation below).

B. Unrestricted Grants-in-Aid

The State's foundation program, established by Chapter 3317 of the Ohio Revised Code, provides funding for Ohio school districts. Semi-monthly foundation payments reported as unrestricted grants-in-aid include formula aid and various categorical aid programs such as special and gifted education and transportation as well as parity aid and excess costs supplement.

Formula aid payments are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM), times a per pupil foundation level (adjusted for a regional cost of doing business factor set by the State legislature), less the equivalent of 23 mills times the school district's taxable property valuation. The regional cost of doing business factor is being phased out over a three-year period through fiscal year 2008. The per pupil foundation level is set by the State Legislature. Historically, the per pupil amount has increased 2.2 percent since 2004. The School District anticipates a 2.2 percent increase in the per pupil amount in each year of the forecast. The per pupil amount for fiscal years 2004 to 2007 is as follows:

Fiscal Year	Per Pupil Foundation Level
2004	$5,058
2005	5,169
2006	5,283
2007	5,403

The anticipated unrestricted grants-in-aid for fiscal year 2007 are based on current estimates available from the Ohio Department of Education. The most recent estimates reported on the March school foundation statement for fiscal year 2007 and the amounts forecasted for the next four fiscal years are as follows:

		Forecasted			
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Formula Aid	$2,953,000	$2,953,000	$2,967,000	$2,971,000	$3,250,000
Categorical Funding	265,000	286,000	318,000	335,000	381,000
Transportation	272,000	272,000	272,000	272,000	272,000
Excess Costs	17,000	0	0	0	0
Parity Aid	390,000	417,000	457,000	496,000	556,000
Foundation Adjustments	(24,000)	(24,000)	(24,000)	(24,000)	(24,000)
Totals	$3,873,000	$3,904,000	$3,990,000	$4,050,000	$4,435,000

Formula aid is anticipated to increase throughout the forecast period because of an increase in per pupil funding of 2.2 percent per year in combination with a slight increase in formula ADM each year. The School District is not anticipating a formula aid guarantee, included in formula aid, for fiscal years 2009 through 2011. In 2011, formula aid is forecasted to increase by almost ten percent due to a tax increment financing housing project, which will increase the number of students attending the School District during fiscal year 2011. Categorical funding is forecasted to increase due to an anticipated increase in special education and weighted aid each year. Parity aid is forecasted to increase each year because the state per pupil wealth threshold is increasing faster than the School District's wealth per pupil.

C. Restricted Grants-in-Aid

Restricted grants-in-aid consist of the bus purchase allowance, career tech monies and Poverty Based Assistance. For the forecast period, restricted grants-in-aid are anticipated to remain consistent.

D. Property Tax Allocation

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the rollback and homestead tax relief programs. Beginning in 2006, the State eliminated the ten percent rollback credit on commercial and industrial real property and the reimbursement to local governments. Homestead and rollback revenue, based on information provided by the Ohio Department of Taxation, is anticipated to be $287,000 in fiscal year 2007, which is a decrease of $12,500 from fiscal year 2006. This decrease is due to the elimination of the ten percent property tax rollback on commercial and industrial real property. Homestead and rollback revenue for fiscal years 2008 through 2011 is expected to increase as real property taxes continue to increase.

The State exempted the first $10,000 in taxable value of tangible personal property from taxation. The State reimburses the School District for the lost revenue. Beginning with tax year 2004, the State was phasing out the reimbursement by 10 percent each year. Under House Bill 66, the phase-out period has been accelerated. The last reimbursement for this exemption will be received in October 2008.

Beginning in tax year 2001, there were significant reductions in the valuation of certain types of public utility property. Two bills enacted by the 123rd General Assembly reduced the assessment rate for certain tangible personal property of electric utilities and all tangible personal property of gas utilities. To replace this money, new State consumption taxes have been enacted, a kilowatt-hour tax on electricity and a thousand cubic foot tax on natural gas. Money from these new taxes is used to reimburse school districts for the loss of public utility property tax revenue. Reimbursements are made twice a year in February and August. Based on information provided by the Ohio Department of Taxation, the School District anticipates $41,100 in public utility deregulation reimbursements in fiscal year 2007 and no reimbursement in fiscal years 2008 through 2011.

Beginning in fiscal year 2006, the State will reimburse the School District for lost revenue due to the phase out of tangible personal property tax. In the first five years, the School District will be fully reimbursed relative to prior law for revenue lost due to the taxable value reductions prescribed by House Bill 66. Over the next seven years, the reimbursements are phased out. The reimbursement will be for the difference between the assessed values under prior law and the assessed values under House Bill 66. This means the School District is only reimbursed for the difference between the amounts that would have been received under the prior law and the amounts actually received as the phase-outs in House Bill 66 are implemented. For fiscal year 2007, the School District anticipates receiving $85,900 of reimbursement for the tangible personal property tax phase out. This reimbursement is forecasted to increase over fiscal years 2008 through 2011.

Property tax allocation revenues consist of the following:

	Forecasted				
Revenue Sources	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Homestead and Rollback	$287,000	$309,000	$327,000	$339,000	$340,000
Tangible Personal Property Exemption	9,000	7,000	4,000	0	0
Utility Deregulation	41,000	0	0	0	0
Tangible Personal Property Loss Reimbursement	86,000	161,000	198,000	246,000	247,000
Totals	$423,000	$477,000	$529,000	$585,000	$587,000

E. All Other Revenues

All other revenues include tuition, excess costs, open enrollment, interest and dividends on investments, class fees, rent, donations, sale of assets, refund of prior year expenditures, payments in lieu of taxes and other receipts.

The School District receives tuition for special education students from other districts who attend the Williamsburg Local School District, as well as from open enrollment. Tuition is forecasted to increase in fiscal year 2008 because in prior years, other districts were not being billed for their special education students attending the School District. Open enrollment tuition is decreasing in fiscal year 2007 because fewer students are attending the School District that live within other school districts. For fiscal years 2008 through 2011 open enrollment tuition is expected to increase based on a 2.2 percent increase in per pupil funding. Also, the School District is attempting to strengthen their extracurricular activities which will stabilize the number of students that are leaving the School District.

Interest and dividends are based on historical investment practices and anticipated rates and cash balances during the forecast period. The School District pools cash from all funds for investment purposes. Investments are restricted by provisions of the Ohio Revised Code and are valued at cost. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings with the greatest allocation being to the General Fund. Interest and dividends are forecasted to decrease throughout the forecast period based on the anticipated changes in fund balances. In fiscal year 2011, these revenues are solely from interest assigned from other funds.

Class fees will remain consistent based on prior year collections. With the number of students expected to remain reasonably consistent until 2011, the forecasted amount for 2007 through 2010 will remain the same. However, due to a tax increment financing housing project, the number of students attending the School District is expected to increase during fiscal year 2011, which results in the slight increase in revenues.

Rental revenue is increasing in fiscal year 2008 because in 2006 there was rental revenue misposted to the General Fund. This error was corrected in 2007 leaving rental revenue unusually low for that fiscal year. Because the School District's long-term rental agreements will not see increases in the rent charged each year, rental revenue is expected to remain consistent for fiscal years 2008 through 2011.

In fiscal year 2007, refund of prior year expenditures revenue was inflated due to a large reimbursement from the Clermont County Educational Service Center (ESC). The School District pays the ESC for an alternative program that allows students who are at risk of expulsion one last chance in a classroom environment. The ESC estimates the cost of this program at the beginning of each fiscal year and bills the School District accordingly. In July, the ESC refunds the School District for what was paid in the prior fiscal year in excess of the actual cost. In fiscal year 2006, the ESC overestimated the cost of operating the alternative program and this was refunded to the School District in fiscal year 2007. Refunds of prior year expenditures are anticipated to remain low for fiscal years 2008 through 2011 because the ESC is now examining their costs on a quarterly basis and making adjustments to billing to eliminate large reimbursements in the future.

Payments in Lieu of Taxes for fiscal years 2007 through 2009 are received per an agreement with Milacron. Milacron is a company located in Clermont County that became part of a foreign trade zone in fiscal year 2001. In order to alleviate the loss of property tax the School District suffered from the creation of the foreign trade zone, Milacron agreed to make payments directly to the School District based on their inventory values. Per the agreement, they are forecasted to decrease based on the reduction in the percentage of inventory to be taxed.

In 2011, the School District will begin receiving Payments in Lieu of Taxes under a tax increment financing plan. Under this agreement, a total of 475 new homes will be built between 2010 and 2020 with a total estimated valuation of $87,825,000. The value of these new homes will be exempt from taxation. However, per the agreement, the owners will be required to make an annual payment to Clermont County which will then be distributed to Williamsburg Local School District and U.S. Grant Joint Vocational School District from 2011 through 2035.

All other revenues consist of the following:

			Forecasted		
Revenue Sources	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Tuition	$28,000	$45,000	$45,000	$45,000	$45,000
Open Enrollment Tuition	164,000	172,000	175,000	180,000	183,000
Interest on Investments	252,000	189,000	102,000	52,000	56,000
Dividends on Investments	1,000	1,000	0	0	0
Class Fees	36,000	36,000	36,000	36,000	37,000
Rentals	16,000	21,000	21,000	21,000	21,000
Donations	2,000	2,000	2,000	2,000	2,000
Sale of Assets	1,000	0	1,000	1,000	1,000
Refund of Prior Year Expenditures	55,000	1,000	1,000	1,000	1,000
Payments in Lieu of Taxes	465,000	289,000	146,000	0	27,000
Other Revenue	1,000	1,000	1,000	1,000	1,000
Totals	$1,021,000	$757,000	$530,000	$339,000	$374,000

F. Other Financing Sources

Other financing sources include transfers, advances, and loan proceeds.

In fiscal year 2007, there were funds that were closed and their balances, in the amount of $1,000, were transferred to the General Fund. For 2008 through 2011, the School District does not anticipate any future transfers to the General Fund.

Advances are made primarily from the Food Service and Centre Special Revenue Funds. The Food Service Special Revenue Fund purchases supplies in July and August. Since no revenue is being collected during these months and to avoid a deficit fund balance, advances are made to cover these costs and are repaid within the same fiscal year. Advances are made to the Centre Special Revenue Fund at the end of each fiscal year to cover the deficit fund balance and are repaid in the following fiscal year. The Centre Fund is used to account for a building which is rented to the Clermont County Educational Service Center and various other groups. For fiscal years 2008 through 2011, advances are anticipated to be $37,000 based on the average advances from these two funds.

Loan proceeds represent the receipt of an Energy Conservation Loan. These proceeds are anticipated to be received in full within fiscal year 2007.

Note 7 - Significant Assumptions for Expenditures and Other Financing Uses

A. Personal Services

Personal services expenditures represent the salaries and wages paid to certified, classified and administrative staff, substitutes, student workers and board members. In addition to regular salaries, it includes payments for supplemental contracts, severance pay and payments in lieu of benefits. All employees receive their compensation on a bi-weekly basis. Administrative salaries are set by the Board of Education. Staffing levels of the General Fund increased from 91 in fiscal year 2005 to 95 in fiscal year 2006 and increased to 98 in fiscal year 2007.

Certified (teaching) staff salaries are based on a negotiated contract which includes base and step increases and educational incentives. The certified contract covered the period July 1, 2003 to June 30, 2007. Classified staff salaries are also based on negotiated contracts which include base and step increases. The classified contract applies to the Ohio Association of Public School Employees Local Union #417 employees and covers the period of July 1, 2004 to June 30, 2007.

The School District is forecasting a 2.5 percent increase in its base salary for both its certified and classified employees every year for the remaining forecast period. During the forecast period, step increases averaging 2 percent are also included.

For fiscal year 2008, the School District will be starting all day kindergarten. As a result, certified salaries are forecasted to increase 5.5 percent due to the need for additional certified staff.

The School District offers severance pay to its retiring employees of 25 percent (one payment) or 35 percent (two payments) of accrued, but unused sick leave to a maximum pay out of fifty days for classified employees. For certified employees, the School District is offering a retirement incentive during the first year that an employee becomes eligible to retire. The incentive is 60 percent (three payments) or 50 percent (two payments) of accrued, but unused sick leave, 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 2007, initial severance payments were made from the General Fund and the remaining amounts were transferred to a new Severance Fund. During fiscal year 2008, the School District will transfer money from the General Fund to the Severance Fund to cover all severance and termination benefit payments.

Presented below is a comparison of salaries and wages for fiscal years 2007 through 2011.

		Forecasted			
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Certified Salaries	$3,153,000	$3,328,000	$3,440,000	$3,588,000	$3,742,000
Classified Salaries	809,000	844,000	891,000	929,000	969,000
Substitute Salaries	93,000	133,000	149,000	155,000	162,000
Supplemental Contracts	161,000	168,000	185,000	193,000	201,000
Severance Pay	73,000	0	0	0	0
Other Salaries and Wages	13,000	14,000	15,000	16,000	17,000
Totals	$4,302,000	$4,487,000	$4,680,000	$4,881,000	$5,091,000

B. Employees' Retirement/Insurance Benefits

Employees' retirement and insurance benefits include employer contributions to the State pension systems, health care, medicare, workers' compensation, and other benefits arising from the negotiated agreements.

Retirement costs are based on the School District's contribution rate of 14 percent of the salaries of STRS and SERS members. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from over/under estimates are prorated over the next calendar year. In addition to the employer's retirement contributions, the School District pays the employees' retirement contributions for the superintendent, three certified administrators, and the treasurer. For the forecast period, the School District estimates retirement costs will increase consistent with the anticipated increase in salaries.

Medicare benefits are based on the employers' rate of 1.45 percent of the payroll costs for contributing staff.

Workers' compensation is based on the School District's assigned rate and the amount of wages paid in a calendar year. Premiums are paid in the following calendar year. The School District may choose to pay the entire premium in May or 45 percent in May and 55 percent in September. The School District anticipates paying the entire premium in May as in prior years. In fiscal year 2004, the School District went off the guarantee because they had an excessive amount of claims. The premium for calendar year 2004, due in May 2005, increased to $1.04 per hundred dollars of payroll from $.40 per hundred dollars of payroll. Workers' compensation is forecasted to increase in fiscal years 2007 and 2008 due to anticipated increases in salaries. In fiscal year 2009, a decrease is forecasted because the School District anticipates being back on the guarantee. In fiscal years 2010 and 2011, an increase is forecasted based on an anticipated premium of $.84 per hundred dollars of payroll. In 2004 and 2005, the State Workers' Compensation System granted all local government employers a premium reduction of 20 percent. The School District does not anticipate any premium reductions during the forecast period.

The School District offers health, dental, and life insurance. For fiscal year 2007, premiums are forecasted based on an average monthly premium expense charged to the General Fund. In fiscal years 2008 through 2011, the School District anticipates an increase in medical insurance premiums of about 9 percent each year and a 2.6 percent increase in dental insurance premiums.

Presented below is a comparison of fiscal years 2007 through 2011.

	Forecasted				
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Employer's Retirement	$637,000	$673,000	$685,000	$714,000	$746,000
Medicare	60,000	65,000	68,000	71,000	75,000
Workers' Compensation	68,000	85,000	39,000	41,000	43,000
Medical, Dental, and Life Insurance	808,000	901,000	957,000	1,040,000	1,128,000
Other Salaries and Wages	11,000	11,000	11,000	11,000	11,000
Totals	$1,584,000	$1,735,000	$1,760,000	$1,877,000	$2,003,000

C. Purchased Services

Presented below is a comparison of forecasted purchased services expenditures for fiscal years 2007 through 2011:

	Forecasted				
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Professional and Technical Services	$561,000	$581,000	$536,000	$538,000	$566,000
Property Services	142,000	141,000	134,000	132,000	124,000
Travel and Meeting Expenses	12,000	12,000	12,000	12,000	12,000
Communication Costs	27,000	28,000	28,000	29,000	30,000
Utility Services	304,000	340,000	347,000	394,000	448,000
Trade Services	10,000	10,000	11,000	11,000	11,000
Tuition Payments	577,000	582,000	583,000	586,000	586,000
Totals	$1,633,000	$1,694,000	$1,651,000	$1,702,000	$1,777,000

Professional and technical services are forecasted to decrease during fiscal year 2009. This is because in fiscal years 2007 and 2008, an increase is forecasted for the Energy Conservation Loan projects which will be in progress. Property services are forecasted to decrease based on increases in property insurance of three percent per year offset by decreases in rental expenses as the leases on the copiers expire in fiscal years 2010 and 2011. Utility services are forecasted to increase throughout the forecast period due to increased water and sewer usage and increases in the cost of electricity and natural gas. Tuition payments are forecasted to increase each year due to the increasing per pupil cost related to State Foundation. Travel and meeting expenses, communication costs and trade services are forecasted to remain fairly consistent over the forecast period.

D. Supplies and Materials

Presented below is a comparison of forecasted supplies and materials expenditures for fiscal years 2007 through 2011:

	Forecasted				
	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
General Supplies, Library Books and Periodicals	$212,000	$182,000	$184,000	$185,000	$187,000
Operations, Maintenance and Repair	206,000	189,000	180,000	189,000	198,000
Textbooks	24,000	36,000	36,000	20,000	39,000
Totals	$442,000	$407,000	$400,000	$394,000	$424,000

The School District is expecting to reduce supplies and materials expenses to a very low level during fiscal year 2008. This is because in fiscal years 2006 and 2007, the School District had been allowing teachers to purchase general supplies that had not been previously allowed. In 2008, the School District plans to monitor those purchases more closely to restore the previous level of spending. Operations, maintenance and repair expenditures are forecasted to decrease in 2008 and 2009 due to the installation of a fuel tank in fiscal year 2007. The fuel tank will allow the School District to purchase gasoline in bulk which will reduce costs, on average, by 48 cents per gallon. In fiscal years 2007 and 2008, the School District will incur expenses related to the Energy Conservation Loan, such as lighting adjustments and the installation of energy control devices, that will not be capitalized. These projects will be completed in fiscal year 2008 thus causing a decrease in fiscal year 2009. Operations, maintenance and repair expenditures are forecasted to increase in fiscal years 2010 and 2011 due to an average 12 percent increase in annual maintenance costs on the school buildings. Textbook expenditures are forecasted lower for fiscal year 2007 because there were several textbooks purchased in fiscal year 2006. For fiscal years 2008 through 2011, spending on textbooks is forecasted to fluctuate based on the School District's textbook purchase schedule.

E. Capital Outlay

The acquisition or construction of property, plant and equipment acquired or used for instructional and support services is recorded as capital outlay. Capital outlay expenditures for fiscal year 2007 are forecasted to increase due to a roof replacement project. In fiscal year 2008, the School District will be making improvements to locker rooms. A decrease is also forecasted for fiscal year 2009 because the School District will not be making any large improvements or replacements. For fiscal years 2010 and 2011, capital outlay expenditures are expected to increase slightly due to the purchase of copiers.

F. Debt Service

General Fund supported debt consists of the following:

Issue	Issue Date	Maturity Date	Issue Amount	Interest Rate
Energy Conservation Loan	November, 2007	November, 2022	$178,000	4.40%

Principal and interest payments for General Fund supported debt are as follows:

Fiscal Year	Principal	Interest	Total
2008	$5,000	$5,000	$10,000
2009	9,000	7,000	16,000
2010	9,000	7,000	16,000
2011	10,000	7,000	17,000
Total	$33,000	$26,000	$59,000

All of the debt will be paid with property taxes from the General Fund. The School District will use the loan proceeds to complete various energy saving projects including the installation of new lighting in the Elementary and High Schools and air cleaners in two air handling units. The total energy cost savings is estimated to be $36,000 per year as a result of these projects.

G. Other Objects

Other object expenditures consist of debt service principal and interest, dues and fees, insurance and awards. These expenditures are forecasted to remain consistent throughout the forecast period.

H. Other Financing Uses

Transfers are made to the Severance Fund to cover costs related to retiring employees. The School District is forecasting a decrease in transfers out each year during the forecast period based on the anticipated timing of retirements.

Advances are forecasted to remain consistent from 2007 through 2011 to cover the cost of supplies in the Food Service Special Revenue Fund and anticipated deficits in the Centre Special Revenue Fund. The Centre Fund is used to account for a building which is rented to the Clermont County Educational Service Center and various other groups.

Note 8 - Encumbrances

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of an expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the General Fund cash balance.

Encumbrances for purchased services, supplies and materials, capital outlay and other objects are forecasted to remain at $200,000 for fiscal years 2007 through 2011.

Note 9 - Reservations of Fund Balance

The School District is required by State statute to annually set aside in the General Fund three percent of certain revenues for the purchase of textbooks and other instructional materials and an equal amount for the acquisition or 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 the future fiscal years.

A. Textbooks and Instructional Materials

The fiscal year 2007 set-aside is $149,000. There was a positive carryover of $146,000 in set-asides from fiscal year 2006. The School District anticipates $185,000 in qualifying expenditures in fiscal year 2007, therefore, a $110,000 reserve for textbooks and instructional materials is forecasted. The School District's set-aside requirement is anticipated to range from $149,000 in fiscal year 2007 to $185,000 in fiscal year 2011. Reserves are forecasted to decrease from fiscal years 2007 through 2009 due to qualifying expenditures. For fiscal years 2010 and 2011, the reserve increases due to increases in set aside requirements in combination with decreasing qualifying expenditures.

B. Capital and Maintenance Set-Aside

The set-aside amount for fiscal year 2007 is $149,000. There was no carryover balance from fiscal year 2006. The School District anticipates $159,000 in qualifying expenditures during the current fiscal year; therefore, no reserve for capital and maintenance is forecasted for fiscal year 2007. The School District's set-aside requirement is anticipated to range from $149,000 in fiscal year 2007 to $185,000 in fiscal year 2011. Reserves are forecasted for fiscal years 2009 through 2011. In fiscal year 2009, qualifying expenditures related to replacement equipment are anticipated to decrease which leads to a reserve balance. In 2010 and 2011, qualifying expenditures related to new equipment are anticipated to increase. However, this was not enough to offset the increase in set-aside requirements. Therefore, reserve balances for fiscal years 2010 and 2011 are forecasted to increase.

C. Bus Purchases

At June 30, 2006, the School District had no unspent bus monies. The School District anticipates a $2,000 bus purchase allowance for a handicap bus and a $7,000 bus purchase allowance for non-handicap buses during fiscal year 2007. The School District anticipates no bus purchases in fiscal year 2007, leaving a reserve amount of $9,000. For fiscal years 2008 through 2011, the School District expects to purchase at least one non-handicap bus per year. Because the School District does not anticipate the purchase of a handicap bus during the forecast period, the reserve will gradually increase from 2008 through 2011.

D. Poverty Based Assistance/Disadvantaged Pupil Impact Aid (DPIA)

The School District anticipates receiving $21,000 in restricted Poverty Based Assistance monies during fiscal year 2007. The School District anticipates spending all of the Poverty Based Assistance funding during the current fiscal year leaving a zero reserve balance. The School District anticipates spending the full amount of Poverty Based Assistance each fiscal year for 2008 through 2011 as well.

Note 10 - Levies

In the past ten years, the School District has placed several levies on the ballot. The type of levy, amount, term, and election results are as follows:

Date	Type	Amount	Term	Election Results
May, 1999	Emergency	$260,000	5 Years	Passed
May, 1999	Operating	3.00 mills	5 Years	Passed
November, 2003	Emergency	$847,000	5 Years	Failed
May, 2004	Emergency	$651,000	5 Years	Failed
August, 2004	Emergency	$651,000	5 Years	Passed

Note 11 - Pending Litigation

There are currently no matters in litigation with the School District as defendant.

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
JUNE 14, 2007

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