



Dave Yost • Auditor of State

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying 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, 2010, 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 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 Williamsburg Local School District, Clermont County, Ohio, as of June 30, 2010, and the respective changes in financial position thereof and the 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 February 15, 2011, 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 or on compliance, that report describes the scope of our testing of 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipt and expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

February 15, 2011

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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, 2010. 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 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 fiscal year and the prior fiscal 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, 2010 by \$9,008,864.
- The School District's net assets decreased \$499,132 during this fiscal year's operations.
- General revenues accounted for \$8,381,660 or 78 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$2,367,826 or 22 percent of total revenues of \$10,749,486.
- The School District had \$11,248,618 in expenses related to governmental activities; only \$2,367,826 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 the *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.

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 2010?" 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.

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 7. 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 and a private purpose trust fund. All of the School District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. 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.

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 2010 and 2009:

(Table 1)
Net Assets
Governmental Activities

	2010	2009	Change
Assets			
Current and Other Assets	\$7,209,203	\$8,217,079	(\$1,007,876)
Capital Assets, Net	9,687,628	9,556,187	131,441
Total Assets	16,896,831	17,773,266	(876,435)
Liabilities			
Other Liabilities	4,398,544	4,546,144	(147,600)
Long-Term Liabilities	3,489,423	3,719,126	(229,703)
Total Liabilities	7,887,967	8,265,270	(377,303)
Net Assets			
Invested in Capital Assets, Net of Related Debt	6,965,894	6,591,353	374,541
Restricted	1,268,968	1,168,627	100,341
Unrestricted	774,002	1,748,016	(974,014)
Total Net Assets	\$9,008,864	\$9,507,996	(\$499,132)

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

Total net assets decreased \$499,132. This decrease was primarily due to a decrease in equity in pooled cash and investments in the amount of \$1,034,916, due to expenditures exceeding revenues. This decrease due to the decrease in equity in pooled cash and investments was partially offset by a decrease in liabilities. The significant decreases in liabilities were in deferred revenue and long-term liabilities. Deferred revenue decreased as a result of an increase in property tax amounts available for advance at year-end. Long-term liabilities decreased primarily as a result of payments on long-term debt balances.

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.

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, capital grants, contributions, and interest. General Revenues include taxes and unrestricted grants, such as State foundation support, gifts and donations, investment earnings, payment in lieu of taxes, and miscellaneous.

(Table 2)
 Change in Net Assets
 Governmental Activities

	2010	2009	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$1,071,029	\$972,787	\$98,242
Operating Grants, Contributions, and Interest	1,296,797	1,126,087	170,710
Total Program Revenues	2,367,826	2,098,874	268,952
General Revenues			
Property Taxes	3,745,153	3,296,621	448,532
Grants and Entitlements not Restricted to Specific Programs	4,319,292	4,399,635	(80,343)
Gifts and Donations	44,806	51,984	(7,178)
Investment Earnings	24,790	89,554	(64,764)
Payment in Lieu of Taxes	0	153,563	(153,563)
Miscellaneous	247,619	155,235	92,384
Total General Revenues	8,381,660	8,146,592	235,068
Total Revenues	10,749,486	10,245,466	504,020
Program Expenses			
Instruction			
Regular	4,986,043	4,744,667	241,376
Special	1,478,054	1,187,294	290,760
Vocational	87,791	85,893	1,898
Other	26,325	3,120	23,205
Support Services			
Pupils	251,019	393,870	(142,851)
Instructional Staff	591,871	473,728	118,143
Board of Education	22,913	27,149	(4,236)
Administration	592,612	719,732	(127,120)
Fiscal	330,075	310,643	19,432
Operation and Maintenance of Plant	1,148,602	1,098,693	49,909
Pupil Transportation	606,664	625,695	(19,031)
Central	168,340	3,712	164,628

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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

	2010	2009	Change
Operation of Non-Instructional Services			
Other	\$22,225	\$15,634	\$6,591
Food Service Operations	479,329	507,959	(28,630)
Extracurricular Activities	353,375	305,294	48,081
Interest and Fiscal Charges	103,380	114,280	(10,900)
Total Expenses	<u>11,248,618</u>	<u>10,617,363</u>	<u>631,255</u>
Change in Net Assets	(499,132)	(371,897)	(127,235)
Net Assets at Beginning of Year	<u>9,507,996</u>	<u>9,879,893</u>	<u>(371,897)</u>
Net Assets at Ending of Year	<u>\$9,008,864</u>	<u>\$9,507,996</u>	<u>(\$499,132)</u>

Program revenues increased \$268,952 due primarily to the receipt of federal stimulus funds. Property taxes increased \$448,532 due primarily to an increase in amounts available for advance and due to the phase in of the new emergency levy passed in May 2009. Payment in lieu of taxes decreased \$153,563 due to the loss of payments from Cincinnati Milacron as a result of the phase out of tangible personal property taxes.

Program expenses increased \$631,255. Regular and special instruction increased \$241,376 and \$290,760, respectively, due to federal stimulus funding to support salaries and benefits. Pupils and administration support services decreased \$142,851 and \$127,120, respectively, due to budget cuts. Central support services increased \$164,628 due to the allocation of certain salaries and benefits to the EMIS program, an underfunded state mandate.

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 2010	Total Cost of Services 2009	Net Cost of Services 2010	Net Cost of Services 2009
Instruction	\$6,578,213	\$6,020,974	(\$5,632,043)	(\$4,923,954)
Support Services	3,712,096	3,653,222	(2,886,425)	(3,245,078)
Operation of Non-Instructional Services	501,554	523,593	(62,212)	(7,574)
Extracurricular Activities	353,375	305,294	(196,732)	(227,603)
Interest and Fiscal Charges	103,380	114,280	(103,380)	(114,280)
Total Expenses	<u>\$11,248,618</u>	<u>\$10,617,363</u>	<u>(\$8,880,792)</u>	<u>(\$8,518,489)</u>

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

The School District's Funds

Information about the School District's major funds starts on page 12. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,711,139 and expenditures of \$11,609,861. The net change in fund balance for the fiscal year was most significant in the General Fund, a decrease of \$1,038,895. This is because our revenues are not increasing as fast as our expenditures are; our General Fund expenditures increased three percent despite budget cuts. However, our General Fund revenues decreased one percent, which further review shows that our state revenues decreased by two percent, our tangible personal taxes decreased by 1.3 percent, our property tax allocations decreased by 2.8 percent, and our other revenues decreased by 2.7 percent. Since our property taxes increased due to the emergency levy, we see a smaller overall drop in revenues. The significant increase in expenditures is primarily due to capital outlay expenditures. The net change in fund balance for the fiscal year in the Debt Service Fund was an increase of \$31,962. This increase was caused primarily by tax collections for the payment of debt service exceeding the amount required to make annual debt service payments, and is reasonably consistent with the increase reported in the prior year.

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 2010, 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 \$35,375 above the final budgeted amount in the General Fund.

For the General Fund, original budgeted revenues were \$8,873,659 and final budgeted revenues were \$8,506,905. This represents a decrease in estimated revenue of \$366,754 due largely to decreases in expectations for intergovernmental revenue. The difference between actual budget basis revenues and final budget basis revenues was \$137,378, as the original budgeted revenues were based on prior year data and preliminary current year data. Miscellaneous revenue actual amounts were \$106,699 less than final budgeted amounts. As more information became available, the estimated revenues were adjusted to reflect the change. Even final budgeted revenues are not set in stone as the timing of actual revenues can vary.

Original budgeted expenditures in the General Fund were \$9,239,532 and final budgeted expenditures were \$9,487,264. This represents an increase in estimated expenditures of \$247,732, or about three percent. The difference between actual budget basis expenditures and final budgeted expenditures was \$152,753 due mainly to spending less than the budgeted amounts for operation and maintenance of plant and capital outlay.

Capital Assets and Debt Administration

Capital Assets

The Williamsburg Local School District's investment in capital assets as of June 30, 2010 was \$9,687,628. This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal year 2010 balances compared to fiscal year 2009:

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

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

	2010	2009
Land	\$99,200	\$99,200
Construction in Progress	97,242	0
Land Improvements	163,976	149,489
Buildings and Improvements	8,448,616	8,576,597
Furniture, Fixtures and Equipment	593,438	576,904
Vehicles	285,156	153,997
Totals	<u>\$9,687,628</u>	<u>\$9,556,187</u>

Net capital assets increased \$131,441 from the prior fiscal year. This was due to capital assets additions depreciation expense exceeding depreciation expense.

For more information on capital assets, refer to note 7 to the basic financial statements.

Debt

At June 30, 2010, the School District had \$2,723,256 in bonds and loans outstanding with \$265,618 due within one year. Table 5 summarizes bonds outstanding:

(Table 5)
Outstanding Debt at June 30
Governmental Activities

	2010	2009
General Obligation Bonds		
2008 School Improvement Bonds 3.846%	\$2,370,000	\$2,582,000
Premium on Debt Issue	35,521	39,719
Deferred Loss on Refunding	(22,328)	(25,765)
2007 Energy Conservation Loan 2.61%	340,063	383,546
Totals	<u>\$2,723,256</u>	<u>\$2,979,500</u>

The School District's overall legal debt margin was \$9,713,739 with an unvoted debt margin of \$126,894 and an energy conservation debt limit of \$801,982 at June 30, 2010.

In June 2008, the School District issued \$2,780,000 in voted general obligation bonds for the purpose of a current refunding of the 1996 School Improvement General Obligation Bonds.

In June 2007, the School District issued an energy conservation loan for an energy efficiency project.

For more information on debt, refer to note 13 to the basic financial statements.

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
Unaudited

District Challenges for the Future

On June 12, 2007, the Auditor of State determined that Williamsburg Local School District had met the guidelines for release from Fiscal Watch as published by the Auditor of State and the Ohio Department of Education. The release was two-fold for the School District. It was an exciting end to a long process of bringing the School District back to a financially sound status with a positive five-year forecast through 2010. However, it also presents a challenge to the School District to keep that process going so that the School District will remain financially sound beyond 2010, a challenge that is proving to be difficult in light of State budget cuts and the loss of tangible personal property taxes.

Issues of funding continue as a concern, and particularly, personal property tax revenue and changes in laws. Prior to 1999, the School District received 35 percent of total tax revenue from personal property taxes paid by businesses. In 1999, a local business, Cincinnati Milacron, representing 25 percent of the School District's tax revenue, was given a tax abatement to develop a foreign trade zone. The School District negotiated an agreement with the business to reimburse a portion of the taxes lost in the tax abatement.

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 payment in lieu of taxes agreement with Cincinnati 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 will have a significant impact. Fiscal year 2009 was our final year of payment from Cincinnati Milacron and the loss of this income is impacting the school district more significantly than expected because of the cuts to State funds and the lack of growth in real estate taxes due to the poor real estate market. The Williamsburg Board of Education and Administration remain committed to being fiscally responsible and continue to adjust budgets and make cuts as state revenues continue to fall.

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 2009 – 2010 school year. Teaching and non-teaching staff continue to provide a quality education to students, without many of the resources available to larger school districts. All School District staff is 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 along with State budget concerns and an economy in recession, 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 Julie Kamphaus, Treasurer, at Williamsburg Local School District, 549-A West Main Street, Williamsburg, OH 45176, or email at kamphaus_ju@burgschools.org.

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Williamsburg Local School District
Statement of Net Assets
June 30, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$3,049,030
Inventory Held for Resale	10,413
Accrued Interest Receivable	840
Accounts Receivable	32,697
Prepaid Items	29,528
Materials and Supplies Inventory	878
Intergovernmental Receivable	65,312
Property Taxes Receivable	4,006,600
Deferred Charges	13,905
Capital Assets:	
Nondepreciable Capital Assets	196,442
Depreciable Capital Assets, Net	9,491,186
Total Assets	16,896,831
Liabilities	
Accounts Payable	71,272
Accrued Wages and Benefits Payable	816,940
Contracts Payable	36,417
Intergovernmental Payable	272,896
Unearned Revenue	3,193,797
Accrued Interest Payable	7,222
Long-Term Liabilities:	
Due Within One Year	307,919
Due in More Than One Year	3,181,504
Total Liabilities	7,887,967
Net Assets	
Invested in Capital Assets, Net of Related Debt	6,965,894
Restricted For:	
Capital Outlay	36,489
Debt Service	732,552
Other Purposes	298,640
Set-Asides	201,287
Unrestricted	774,002
Total Net Assets	\$9,008,864

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$1,816,140	\$663,292	\$368,311	\$2,847,743
Inventory Held for Resale	0	0	10,413	10,413
Materials and Supplies Inventory	0	0	878	878
Accrued Interest Receivable	840	0	0	840
Interfund Receivable	4,185	0	0	4,185
Accounts Receivable	0	0	32,697	32,697
Intergovernmental Receivable	0	0	65,312	65,312
Prepaid Items	29,528	0	0	29,528
Property Taxes Receivable	3,639,577	316,121	50,902	4,006,600
Restricted Assets:				
Equity in Pooled Cash and Investments	201,287	0	0	201,287
Total Assets	\$5,691,557	\$979,413	\$528,513	\$7,199,483
Liabilities				
Accounts Payable	\$68,446	\$0	\$2,826	\$71,272
Accrued Wages and Benefits Payable	717,022	0	99,918	816,940
Contracts Payable	34,302	0	2,115	36,417
Interfund Payable	0	0	4,185	4,185
Intergovernmental Payable	229,454	0	43,442	272,896
Unearned Revenue	3,252,877	282,021	69,849	3,604,747
Total Liabilities	4,302,101	282,021	222,335	4,806,457
Fund Balances				
Reserved for:				
Encumbrances	102,748	0	4,941	107,689
Property Taxes	386,700	34,100	5,300	426,100
Textbooks and Instructional Materials	201,287	0	0	201,287
Unreserved, Undesignated, Reported in:				
General Fund	698,721	0	0	698,721
Special Revenue Funds	0	0	259,448	259,448
Debt Service Fund	0	663,292	0	663,292
Capital Projects Funds	0	0	36,489	36,489
Total Fund Balances	1,389,456	697,392	306,178	2,393,026
Total Liabilities and Fund Balances	\$5,691,557	\$979,413	\$528,513	\$7,199,483

See the 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, 2010*

Total Governmental Fund Balances		\$2,393,026
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:		
Nondepreciable capital assets	196,442	
Depreciable capital assets	16,354,378	
Accumulated depreciation	(6,863,192)	9,687,628
Some of the 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.		
Property taxes	386,703	
Intergovernmental	24,247	410,950
Bond issuance costs reported as an expenditure in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.		
		13,905
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, as interest expenditure is reported when due.		
		(7,222)
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	(2,370,000)	
Premium on refunding	(35,521)	
Deferred loss on refunding	22,328	
Loan payable	(340,063)	
Special termination benefits	(27,275)	
Compensated absences	(738,892)	(3,489,423)
Net Assets of Governmental Activities		\$9,008,864

See the 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, 2010

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$3,347,645	\$297,106	\$46,736	\$3,691,487
Intergovernmental	4,289,957	45,952	1,254,898	5,590,807
Investment Earnings	27,229	0	595	27,824
Tuition and Fees	412,118	0	66,802	478,920
Rent	224,490	0	0	224,490
Extracurricular Activities	2,767	0	116,309	119,076
Gifts and Donations	44,806	0	37,567	82,373
Customer Sales and Services	120	0	248,423	248,543
Miscellaneous	212,271	0	35,348	247,619
Total Revenues	8,561,403	343,058	1,806,678	10,711,139
Expenditures				
Current				
Instruction				
Regular	4,700,709	0	123,028	4,823,737
Special	1,086,108	0	354,575	1,440,683
Vocational	91,067	0	0	91,067
Other	26,325	0	0	26,325
Support Services				
Pupils	118,977	0	147,024	266,001
Instructional Staff	426,682	0	129,610	556,292
Board of Education	22,913	0	0	22,913
Administration	334,827	0	253,913	588,740
Fiscal	316,882	4,807	774	322,463
Operation and Maintenance of Plant	1,072,288	0	17,922	1,090,210
Pupil Transportation	399,248	0	147,918	547,166
Central	1,042	0	141,509	142,551
Operation of Non-Instructional Services				
Other	22,225	0	0	22,225
Food Service Operations	0	0	449,928	449,928
Extracurricular Activities	100,792	0	239,351	340,143
Capital Outlay	462,379	0	57,315	519,694
Debt Service				
Principal Retirement	43,483	212,000	0	255,483
Interest and Fiscal Charges	9,951	94,289	0	104,240
Total Expenditures	9,235,898	311,096	2,062,867	11,609,861
Excess of Revenues Over (Under) Expenditures	(674,495)	31,962	(256,189)	(898,722)
Other Financing Sources (Uses)				
Transfers In	0	0	364,400	364,400
Transfers Out	(364,400)	0	0	(364,400)
Total Other Financing Sources (Uses)	(364,400)	0	364,400	0
Net Change in Fund Balances	(1,038,895)	31,962	108,211	(898,722)
Beginning Fund Balances, January 1	2,428,351	665,430	197,967	3,291,748
Ending Fund Balances, December 31	\$1,389,456	\$697,392	\$306,178	\$2,393,026

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2010*

Net Change in Fund Balances - Total Governmental Funds (\$898,722)
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	519,695	
Depreciation expense	<u>(388,254)</u>	
		131,441

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

Delinquent property taxes	53,666	
Intergovernmental	(12,285)	
Investment earnings	<u>(3,034)</u>	
		38,347

Governmental funds report premiums and bond issuance costs as expenditures, whereas these
amounts are deferred and amortized in the statement of activities.

Amortization of bond issuance costs	761	
Amortization of bond premium	<u>3,437</u>	
		4,198

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	212,000	
Loan principal retirement	<u>43,483</u>	
		255,483

In the statement of activities, interest accrued on outstanding bonds and bond issuance costs
are amortized over the terms of the bonds, whereas in the governmental funds, the expenditure
is reported when the bonds are issued:

Decrease in accrued interest	860	
Amortization of deferred amount on refunding	<u>(4,198)</u>	
		(3,338)

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:

Decrease in special termination benefits	13,638	
Increase in compensated absences	<u>(40,179)</u>	
		<u>(26,541)</u>

Change in Net Assets of Governmental Activities (\$499,132)

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
*Statement of Revenues, Expenditures and Change in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2010*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$3,164,553	\$3,152,089	\$3,144,545	(\$7,544)
Intergovernmental	4,713,537	4,325,102	4,295,795	(29,307)
Investment Earnings	94,000	30,570	29,992	(578)
Tuition and Fees	358,407	407,068	414,741	7,673
Rent	157,500	223,400	224,490	1,090
Extracurricular Activities	2,200	4,100	2,767	(1,333)
Gifts and Donations	43,500	45,106	44,806	(300)
Customer Sales and Services	0	500	120	(380)
Miscellaneous	339,962	318,970	212,271	(106,699)
Total Revenues	8,873,659	8,506,905	8,369,527	(137,378)
Expenditures				
Current:				
Instruction				
Regular	4,519,912	4,736,965	4,718,509	18,456
Special	905,827	1,083,001	1,081,000	2,001
Vocational	82,377	93,936	93,902	34
Other	32,028	26,591	25,292	1,299
Support Services				
Pupils	326,699	134,758	133,923	835
Instructional Staff	348,652	423,370	423,317	53
Board of Education	20,198	23,867	23,586	281
Administration	739,920	380,853	364,141	16,712
Fiscal	322,293	329,576	324,161	5,415
Operation and Maintenance of Plant	1,221,902	1,147,164	1,111,277	35,887
Pupil Transportation	510,096	570,750	569,890	860
Central	0	1,042	1,042	0
Operation of Non-Instructional Services				
Other	27,613	38,751	22,274	16,477
Food Service Operations	0	0	0	0
Extracurricular Activities	52,170	91,563	80,429	11,134
Capital Outlay	129,845	351,643	308,334	43,309
Debt Service				
Principal Retirement	0	43,483	43,483	0
Interest and Fiscal Charges	0	9,951	9,951	0
Total Expenditures	9,239,532	9,487,264	9,334,511	152,753
Excess of Revenues Over (Under) Expenditures	(365,873)	(980,359)	(964,984)	15,375
Other Financing Sources (Uses)				
Transfers In	0	100,000	100,000	0
Transfers Out	(159,400)	(509,400)	(489,400)	20,000
Total Other Financing Sources (Uses)	(159,400)	(409,400)	(389,400)	20,000
Net Change in Fund Balances	(525,273)	(1,389,759)	(1,354,384)	35,375
Beginning Fund Balances, January 1	3,105,963	3,105,963	3,105,963	0
Prior Year Encumbrances Appropriated	64,737	64,737	64,737	0
Ending Fund Balances, December 31	\$2,645,427	\$1,780,941	\$1,816,316	\$35,375

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$3,835	\$30,734
Liabilities		
Undistributed Monies		\$30,734
Net Assets		
Held in Trust for Scholarships	\$3,835	

See the accompanying notes to the basic financial statements.

Williamsburg Local School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2010

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Additions	
Contributions and Donations	\$1,200
Deductions	
Payments in Accordance With Trust Agreements	<u>292</u>
Change in Net Assets	908
Net Assets Beginning of Year	<u>2,927</u>
Net Assets End of Year	<u><u>\$3,835</u></u>

See the accompanying notes to the basic financial statements.

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Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 1 – Description of the 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. 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. The Board of Education controls the School District’s two instructional support facilities staffed by 49 non-certified, 62 teaching personnel and 5 administrative employees providing education to 1,026 students.

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure 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 15 and 16 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 Association of School Business Officials Workers’ Compensation Group Rating Plan

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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.

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.

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.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. 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.

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

Fiduciary Funds

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 fiduciary funds include one agency fund and one private purpose trust 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. The private purpose trust fund accounts for college scholarship programs for students.

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.

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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.

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 60 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 5.) 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, interest and grants.

Unearned/Deferred Revenue

Unearned/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, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as unearned/deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as unearned/deferred revenue.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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.

Cash and Investments

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 Investments” on the financial statements.

During fiscal year 2010, the School District invested in the State Treasury Asset Reserve of Ohio (STAROhio), the Fifth Third Institutional Government Money Market Mutual Fund, a Repurchase Agreement, the First American Government Obligation Money Market Mutual Fund, negotiable certificates of deposit, Federal Home Loan Bank Notes, and Federal Farm Credit Corporation Notes. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost. 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, 2010.

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 and All Other Governmental Funds during fiscal year 2010 amounted to \$27,229 and \$595, respectively.

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 equity in pooled cash and investments.

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.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2010, 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.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

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, or 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.

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 \$2,500. 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

Accrued Liabilities and Long-Term Obligations

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

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 and special termination benefits 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 loans that will be paid from governmental funds are recognized as a liability on the governmental fund financial statements when due.

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.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the amount "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

Bond Premiums/Issuance Costs

In the government-wide financial statements, bond premiums and issuance costs are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method.

On the governmental fund financial statements, bond premiums and issuance costs are recognized in the period when the debt is issued.

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.

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 2010.

Internal Activity

Transfers within the governmental activities are eliminated on the government-wide financial statements.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 2 – Summary of Significant Accounting Policies (Continued)

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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.

Short term interfund loans are classified as “interfund receivables” and “interfund payables”. These amounts are eliminated in the governmental activities column of the statement of net assets.

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.

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/special cost center 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.

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.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 3 – 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).

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	(\$1,038,895)
Revenue Accruals	(91,876)
Expenditure Accruals	(20,817)
Encumbrances	(202,796)
Budget Basis	(\$1,354,384)

Note 4 – 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 can be deposited or invested in the following securities:

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 4 – Deposits and Investments (Continued)

1. Bonds, notes, or other obligations of the United States; or bonds, notes, or other obligations guaranteed as to principal and interest by the United States or those for which the full faith of the United States is pledged for the payment of principal and interest thereon, by language appearing in the instrument specifically providing such guarantee or pledge and not merely by interpretation or otherwise;
2. Bonds, notes, debentures, letters of credit, or other obligations or securities issued by any federal government agency, or instrumentality, or the export-import bank of Washington; bonds, notes, or other obligations guaranteed as to principal and interest by the United States or those for which the full faith of the United States is pledged for the payment of principal and interest thereon, by interpretation or otherwise and not by language appearing in the instrument specifically providing such guarantee or pledge;
3. Obligations of or fully insured or fully guaranteed by the United States or any federal government agency or instrumentality;
4. Obligations partially insured or partially guaranteed by any federal agency or instrumentality;
5. Obligations of or fully guaranteed by the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, or Student Loan Marketing Association;
6. Bonds and other obligations of this state and any county, municipal corporation, or other legally constituted taxing subdivision of another state, or an instrumentality of such public entities, if:
 - The full faith and credit of the issue is pledged and,
 - At the time of purchase, the security is rated in one of the two highest categories by at least one nationally recognized standard rating service
7. Bonds and other obligations of any county, township, school district, municipal corporation, or other legally constituted taxing subdivision of this state, which is not at the time of such deposit, in default in the payment of principal or interest on any of its bonds or other obligations, for which the full faith and credit of the issuing subdivision is pledged.
8. Bonds of other states of the United States which have not during the ten years immediately preceding the time of such deposit defaulted in payments of either interest or principal on any of their bonds;
9. Shares of no-load money market mutual funds consisting exclusively of obligations described in division (B)(1) or (2) of Ohio Rev. Code §135.18 [these sections are (1) & (2), above] and repurchase agreements secured by such obligations.
10. A surety bond issued by a corporate surety licensed by the state and authorized to issue surety bonds in this state pursuant to Ohio Rev. Code Chapter 3929 and qualified to provide surety bonds to the federal government pursuant to 96 Stat. 1047 (1982), 31 U.S.C.A. 9304.

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 is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 4 – Deposits and Investments (Continued)

As of June 30, 2010, the School District’s bank balance of \$424,377 was either covered by FDIC or collateralized by the financial institutions’ public entity deposit pools in the manner described above.

Investments

As of June 30, 2010, the School District had the following investments, which are in an internal investment pool:

	Fair Value	Maturity	Percent of Total Investments
STAROhio	\$470,757	N/A	17.02%
Fifth Third Institutional Government Money Market Mutual Fund	11,331	N/A	0.41%
Repurchase Agreement First American Government Obligation Money Market Mutual Fund	281,510	Less than one year	10.18%
Negotiable Certificates of Deposits	4,810	N/A	0.16%
Federal Home Loan Bank	600,000	Less than one year	21.69%
Federal Home Loan Bank	948,197	Less than one year	34.28%
Federal Farm Credit Corp.	249,955	One to two years	9.04%
Federal Farm Credit Corp.	99,494	Less than one year	3.60%
Federal Farm Credit Corp.	100,000	One to two years	3.62%
Total Investments	<u>\$2,766,054</u>		

Interest Rate Risk

The School District has no investment policy that addresses interest rate risk beyond the requirements of State statute. 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.

Credit Risk

STAROhio carries a rating of AAAM by Standard and Poor’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 funds be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The Fifth Third Institutional Government and First American Government Obligation Money Market Mutual Funds and Federal Home Loan Bank and Federal Farm Credit Corp. notes all carry Aaa ratings by Moody’s. The repurchase agreement is invested in Goldman Sachs Financial Square Government Fund, which carries an Aaa rating by Moody’s. The School District has no investment policy that addresses credit risk.

Custodial Credit Risk

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. All of the School District’s securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District has no investment policy dealing with investment custodial credit risk beyond the requirements in state statute that prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 4 – Deposits and Investments (Continued)

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. However, the School District does diversify for protection of assets in a responsible manner.

Note 5 – 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 distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected in calendar year 2010 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and interexchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2009 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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, 2010, are available to finance fiscal year 2010 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, 2010, 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 was levied to finance current fiscal year operations and is reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 5 – Property Taxes (Continued)

The amount available as an advance at June 30, 2010, was \$386,700 in the General Fund, \$34,100 in the Debt Service Fund and \$5,300 in the All Other Governmental Funds. The amount available as an advance at June 30, 2009, was \$183,600 in the General Fund, \$18,600 in the Debt Service Fund, and \$2,800 in the All Other Governmental Funds.

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 2010 taxes were collected are:

	2009 Second-Half Collections		2010 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$121,925,810	96.40%	\$122,299,550	96.38%
Public Utility Personal	4,241,690	3.35%	4,444,690	3.50%
General Business Personal	314,880	0.25%	149,617	0.12%
Total Assessed Value	\$126,482,380	100.00%	\$126,893,857	100.00%
Tax rate per \$1,000 of assessed value	\$45.80		\$48.17	

Note 6 - Receivables

Receivables at June 30, 2010, consisted of accrued interest, interfund, accounts, intergovernmental, and property taxes. All receivable amounts, except delinquent property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The intergovernmental receivables are as follows:

	Amount
<i>Governmental Activities</i>	
Title I	\$39,052
Improving Teacher Quality	934
Safe and Drug Free Schools	769
High Schools That Work	1,789
ARRA Title I	10,852
ARRA Special Education	11,916
Total Intergovernmental Receivable	\$65,312

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 7 – Capital Assets

Capital assets activity for the fiscal year ended June 30, 2010 was as follows:

	Balance at 6/30/09	Additions	Deductions	Balance at 6/30/10
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated:				
Land	\$99,200	\$0	\$0	\$99,200
Construction in Progress	0	97,242	0	97,242
Total Capital Assets Not Being Depreciated	99,200	97,242	0	196,442
Capital Assets Being Depreciated:				
Land Improvements	1,507,579	33,388	0	1,540,967
Buildings and Improvements	12,276,681	113,406	0	12,390,087
Furniture, Fixtures, and Equipment	1,476,574	106,873	0	1,583,447
Vehicles	671,091	168,786	0	839,877
Total Capital Assets Being Depreciated	15,931,925	422,453	0	16,354,378
Less Accumulated Depreciation				
Land Improvements	(1,358,090)	(18,901)	0	(1,376,991)
Buildings and Improvements	(3,700,084)	(241,387)	0	(3,941,471)
Furniture, Fixtures, and Equipment	(899,670)	(90,339)	0	(990,009)
Vehicles	(517,094)	(37,627)	0	(554,721)
Total Accumulated Depreciation	(6,474,938)	(388,254)	0	(6,863,192)
Total Capital Assets Being Depreciated, Net	9,456,987	34,199	0	9,491,186
Governmental Activities Capital Assets, Net	\$9,556,187	\$131,441	\$0	\$9,687,628

Instruction:	
Regular	\$155,767
Special	14,712
Vocational	1,839
Support Services:	
Pupils	1,839
Instructional Staff	34,401
Administration	15,549
Fiscal	6,029
Operation and Maintenance of Plant	57,693
Pupil Transportation	59,851
Operation of Non-Instructional Services	27,342
Extracurricular Activities	13,232
Total Depreciation Expense	<u>\$388,254</u>

Note 8 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District contracted with commercial carriers for property and fleet insurance, liability insurance and inland marine coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage in the last year.

Workers' Compensation

For fiscal year 2010, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the GRP.

Employee Benefits

For fiscal year 2010, the School District participated in the Clermont County Insurance Consortium (the Consortium), a group insurance purchasing pool (Note 16), in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries and to set aside funds for such purposes. The Directors provides insurance policies in whole or in part through one or more group insurance policies.

Note 9 – Defined Benefit Pension Plans

School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78%. The remaining 1.22% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the years ended June 30, 2010, 2009, and 2008 were \$201,570, \$108,457, and \$122,565, respectively; 43.05 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 9 – Defined Benefit Pension Plans (Continued)

State Teachers Retirement System of Ohio

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple employer public employee retirement plan.

STRS Ohio is a statewide retirement plan for licenses teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3007 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowances, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who becomes 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.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 9 – Defined Benefit Pension Plans (Continued)

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of tow months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' 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. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2010, were 10% of covered payroll for members and 14% for employers. The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$491,445, \$481,035, and \$484,094, respectively; 83.50 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Member and employer contributions actually made for DC and Combined Plan participants will be provided upon written request.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's 2009 Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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, 2010, one member of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

Note 10 – Postemployment Benefits

School Employees Retirement System

Postemployment Benefits – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2010 was \$96.40 for most participants, but could be as high as \$353.60 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2010, the actuarially required allocation is .76%. The School District contributions for the years ended June 30, 2010, 2009 and 2008 were \$10,942, \$8,949 and \$6,034, respectively; 43.05 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2010, the health care allocation is .46%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District contributions assigned to health care for the years ended June 30, 2010, 2009, and 2008 were \$6,623, \$74,353 and \$74,835, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Note 10 – Postemployment Benefits (Continued)

State Teachers Retirement System of Ohio

Plan Description – STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009, and 2008. The 14% employer contribution rate is the maximum rate established under Ohio law. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$35,103, \$37,003, and \$37,238, respectively; 83.50 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 11 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn 10 to 20 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 230 days for all employees. For non-certified employees, upon retirement, payment is made for 25 percent of accrued, but unused sick leave credit to a maximum of 58 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 55 and 77 days, respectively.

Note 12 – 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 (if the employee elects to receive the money in four payments) or 50 percent (if the employee elects to receive the money in three payments) of accrued, but unused sick leave, up to a maximum payment of 138 and 115 days, respectively. Payment will be made each July with the first being made the year the member retires. If certified employees do not elect retirement in their first year of eligibility, payment is made for 25 percent (if the employee elects to receive the money in one payment) or 35 percent (if the employee elects to receive the money in two payments) of accrued, but unused sick leave credit to a maximum payment of 55 and 77 days, respectively. During fiscal year 2010, \$13,638 in special termination benefits were paid.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 12 – Special Termination Benefits Payable (Continued)

The outstanding balance at June 30, 2010 was \$27,275. Of this balance, \$13,637 will be paid on July 15, 2010 and \$13,638 will be paid on July 15, 2011.

Note 13 – Long-Term Obligations

The changes in the School District’s long-term obligations during fiscal year 2010 were as follows:

	Amount Outstanding 6/30/09	Additions	Deductions	Amount Outstanding 6/30/10	Amounts Due Within One Year
<i>Governmental Activities</i>					
2008 School Improvement General Obligation Refunding Bonds – 3.846%	\$2,582,000	\$0	\$212,000	\$2,370,000	\$221,000
Premium on Debt Issue	39,719	0	4,198	35,521	0
Deferred Loss on Refunding	(25,765)	0	(3,437)	(22,328)	0
2007 Energy Conservation Loan – 2.61%	383,546	0	43,483	340,063	44,618
Total Long-Term Bonds and Loan	2,979,500	0	256,244	2,723,256	265,618
Compensated Absences	698,713	60,938	20,759	738,892	28,664
Special Termination Benefits	40,913	0	13,638	27,275	13,637
Total Governmental Activities Long- Term Obligations	\$3,719,126	\$60,938	\$290,641	\$3,489,423	\$307,919

School Improvement Bonds - In June, 2008, the School District issued \$2,780,000 in voted general obligation bonds for the purpose of a current refunding of the 1996 School Improvement General Obligation Bonds. The bonds were issued for an 11 year period with final maturity during fiscal year 2019. The bonds will be repaid from the Debt Service Fund.

Energy Conservation Loan - In June, 2007, the School District received \$465,028 in loan proceeds for an energy efficiency project. The loan has an interest rate of 2.61 percent for a 10 year period with the final payment due in fiscal year 2017. The loan will be repaid from the General Fund.

Compensated absences and special termination benefits will be paid from the General Fund.

The School District’s overall legal debt margin was \$9,713,739 with an unvoted debt margin of \$126,894 and an energy conservation debt limit of \$801,982 at June 30, 2010.

Principal and interest requirements to retire debt outstanding at June 30, 2010, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		Energy Conservation Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$221,000	\$86,900	\$44,618	\$8,817	\$265,618	\$95,717
2012	231,000	78,208	45,782	7,653	276,782	85,861
2013	241,000	69,132	46,977	6,458	287,977	75,590
2014	251,000	59,671	48,203	5,232	299,203	64,903
2015	262,000	49,806	49,461	3,974	311,461	53,780
2016-2019	1,164,000	91,842	105,022	4,043	1,269,022	95,885
Total	\$2,370,000	\$435,559	\$340,063	\$36,177	\$2,710,063	\$471,736

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 14 – 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, 2009	\$225,918	\$0
Current Fiscal Year Set-Aside Requirement	164,296	164,296
Current Fiscal Year Offsets	0	(164,296)
Qualifying Disbursements	(188,927)	(194,616)
Totals	\$201,287	(\$194,616)
Set-Aside Reserve Balance Carried Forward to Future Fiscal Years	\$201,287	\$0
Set-Aside Reserve Balance as of June 30, 2010	\$201,287	\$0

Amounts of offsets and qualifying disbursements presented in the table for capital improvements were limited to those necessary to reduce the fiscal year-end balance to zero. Although the School District may have had additional offsets and qualifying disbursements for capital improvements during the fiscal year, this extra amount may not be used to reduce the set-aside requirements of future fiscal years.

Note 15 – Jointly Governed Organizations

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 \$9,168 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.

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.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 16 – Insurance Purchasing Pools

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 60 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.

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group insurance purchasing pool. The GRP's business and affairs are conducted by a five member Board of Directors. Each fiscal year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 17 – Interfund Activity

Interfund Transfers

Transfers made during the fiscal year ended June 30, 2010, were as follows:

	Transfers To	Transfers From
General Fund	\$0	\$364,400
Other Governmental Funds	364,400	0
Total	\$364,400	\$364,400

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

Interfund Receivables/Payables

	Interfund Receivable	Interfund Payables
General Fund	\$4,185	\$0
Other Governmental Funds	0	4,185
Total	\$4,185	\$4,185

Interfund balances were created to cover negative cash balances by the General Fund for other governmental funds in anticipation of the receipt of grant monies.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

Note 18 - Contingencies

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, 2010.

Litigation

The School District is not currently party to legal proceedings.

Note 19 - Accountability

At June 30, 2010, the EMIS, Federal Stimulus, Title I, and Improving Teacher Quality Nonmajor Special Revenue Funds had deficit fund balances of \$7,840, \$16,222, \$28,656, and \$10,331, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Nutrition Cluster:						
National School Breakfast Program	05-PU-2010	10.553	\$47,251		\$47,251	
	05-PU-2009					
National School Lunch Program	LL-P4-2010	10.555	145,350	\$18,814	145,350	\$18,814
	LL-P4-2009					
Total Nutrition Cluster			<u>192,601</u>	<u>18,814</u>	<u>192,601</u>	<u>18,814</u>
Total U.S. Department of Agriculture			<u>192,601</u>	<u>18,814</u>	<u>192,601</u>	<u>18,814</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster:						
IDEA Part B	6B-SF-2010	84.027	187,768		187,768	
	6B-SF-2009					
IDEA Part B - Stimulus		84.391	<u>198,967</u>		<u>194,612</u>	
Total Special Education Cluster			<u>386,735</u>		<u>382,380</u>	
Title I Cluster:						
ESEA Title I	C1-S1-2010	84.010	210,497		213,044	
	C1-S1-2009		14,915		30,505	
ESEA Title I - Stimulus		84.389	<u>69,768</u>		<u>69,756</u>	
Total Title I Cluster			<u>295,180</u>		<u>313,305</u>	
Fiscal Stabilization		84.394	250,904		250,539	
Drug Free Schools Grant	DR-S1-2010	84.186	3,699		4,457	
	DR-S1-2009					
Title II-D Technology	TJ-S1-2010	84.318	1,500		1,500	
Improving Teacher Quality	TR-S1-2010	84.367	52,954		52,938	
	TR-S1-2009		208		6,710	
Innovative Educational Program Strategies	2009	84.298			134	
Total U.S. Department of Education			<u>991,180</u>		<u>1,011,963</u>	
Total			<u><u>\$1,183,781</u></u>	<u><u>\$18,814</u></u>	<u><u>\$1,204,564</u></u>	<u><u>\$18,814</u></u>

The accompanying notes are an integral part of this schedule.

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Williamsburg Local School District's (the District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • 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, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 15, 2011. 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 as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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*.

Williamsburg Local School District
Clermont County
Independent Accountants' Report On Internal Control Over Financial
Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 15, 2011.

We intend this report solely for the information and use of management, the audit committee, board of education, and federal awarding agencies and pass-through entities and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

February 15, 2011



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 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 could directly and materially affect each of Williamsburg Local School District's major federal programs for the year ended June 30, 2010. 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 requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 the District's compliance with those requirements.

In our opinion, the Williamsburg Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated February 15, 2011.

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



Dave Yost
Auditor of State

February 15, 2011

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 84.010, 84.389 Title I Cluster CFDA #84.027, 84.391 Special Education Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Dave Yost • 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
MARCH 8, 2011