



Mary Taylor, CPA
Auditor of State

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamsburg Local School District, Clermont County, Ohio (the District), as of and for the year ended June 30, 2008, 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, 2008, 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 May 21, 2009, 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by 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. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

May 21, 2009

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
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, 2008. 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 year and the prior year is required to be presented in the MD&A.

Financial Highlights

- The assets of the Williamsburg Local School District exceeded its liabilities at June 30, 2008 by \$9,879,893.
- The School District's net assets decreased by \$244,103 during this fiscal year's operations.
- General revenues accounted for \$8,396,634 or 81 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, contributions and interest accounted for \$1,911,721 or 19 percent of total revenues of \$10,308,355.
- The School District had \$10,552,458 in expenses related to governmental activities; only \$1,911,721 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.

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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 2008?” The *Statement of Net Assets* and the *Statement of Activities*, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all *assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 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. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for fiscal years 2008 and 2007:

(Table 1)
Net Assets
Governmental Activities

| | 2008 | 2007 | Change |
|--|--------------------|---------------------|--------------------|
| Assets | | | |
| Current and Other Assets | \$8,100,182 | \$8,728,180 | (\$627,998) |
| Capital Assets, Net | 9,821,415 | 9,598,659 | 222,756 |
| Total Assets | <u>17,921,597</u> | <u>18,326,839</u> | <u>(405,242)</u> |
| Liabilities | | | |
| Other Liabilities | 4,126,582 | 4,114,674 | (11,908) |
| Long-Term Liabilities | 3,915,122 | 4,088,169 | 173,047 |
| Total Liabilities | <u>8,041,704</u> | <u>8,202,843</u> | <u>161,139</u> |
| Net Assets | | | |
| Invested in Capital Assets, Net of Related Debt | 6,615,480 | 6,633,659 | (18,179) |
| Restricted | 969,965 | 910,837 | 59,128 |
| Unrestricted | 2,294,448 | 2,579,500 | (285,052) |
| Total Net Assets | <u>\$9,879,893</u> | <u>\$10,123,996</u> | <u>(\$244,103)</u> |

Total net assets decreased by \$244,103. This decrease was primarily due to a decrease in equity in pooled cash and cash equivalents in the amount of \$683,936, due mainly to increases in expenses.

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

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, revenue in lieu of taxes, gain on sale of capital assets, and miscellaneous.

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

(Table 2)
Change in Net Assets
Governmental Activities

| | 2008 | 2007 | Change |
|--|-------------------------|------------------------|----------------------|
| Revenues | | | |
| Program Revenues: | | | |
| Charges for Services and Sales | \$849,448 | \$747,153 | \$102,295 |
| Operating Grants, Contributions and Interest | 1,057,249 | 1,020,558 | 36,691 |
| Capital Grants and Contributions | 5,024 | 0 | 5,024 |
| Total Program Revenues | <u>1,911,721</u> | <u>1,767,711</u> | <u>144,010</u> |
| General Revenues: | | | |
| Property Taxes | 3,443,886 | 2,968,003 | 475,883 |
| Grants and Entitlements not Restricted to Specific Programs | 4,246,529 | 4,140,767 | 105,762 |
| Gifts and Donations | 31,691 | 15,486 | 16,205 |
| Investment Earnings | 213,415 | 266,246 | (52,831) |
| Revenue in Lieu of Taxes | 311,063 | 464,875 | (153,812) |
| Gain on Sale of Capital Assets | 0 | 1,600 | (1,600) |
| Miscellaneous | 150,050 | 159,749 | (9,699) |
| Total General Revenues | <u>8,396,634</u> | <u>8,016,726</u> | <u>379,908</u> |
| Total Revenues | <u>\$10,308,355</u> | <u>\$9,784,437</u> | <u>\$523,918</u> |
| Program Expenses | | | |
| Instruction | | | |
| Regular | 4,577,032 | 4,044,501 | 532,531 |
| Special | 1,134,212 | 1,096,996 | 37,216 |
| Vocational | 84,054 | 78,601 | 5,453 |
| Other | 3,499 | 2,128 | 1,371 |
| Support Services | | | 0 |
| Pupils | 380,147 | 318,516 | 61,631 |
| Instructional Staff | 519,020 | 501,380 | 17,640 |
| Board of Education | 27,982 | 34,296 | (6,314) |
| Administration | 737,264 | 732,575 | 4,689 |
| Fiscal | 318,474 | 286,001 | 32,473 |
| Operation and Maintenance of Plant | 1,234,870 | 1,225,498 | 9,372 |
| Pupil Transportation | 581,267 | 552,107 | 29,160 |
| Central | 8,847 | 12,983 | (4,136) |
| Operation of Non-Instructional Services | | | 0 |
| Food Services | 491,378 | 427,784 | 63,594 |
| Other | 15,956 | 16,093 | (137) |
| Extracurricular Activities | 271,252 | 226,025 | 45,227 |
| Interest and Fiscal Charges | 167,204 | 163,895 | 3,309 |
| Total Expenses | <u>10,552,458</u> | <u>9,719,379</u> | <u>833,079</u> |
| Increase/Decrease in Net Assets | (244,103) | 65,058 | (309,161) |
| Net Assets at Beginning of Year | <u>10,123,996</u> | <u>10,058,938</u> | <u>65,058</u> |
| Net Assets at End of Year | <u>\$9,879,893</u> | <u>\$10,123,996</u> | <u>(\$244,103)</u> |

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Program revenues increased by \$144,010. Property taxes increased by \$475,883. Grants and entitlements not restricted for specific purposes increased by \$105,762 due to the States' reimbursement of tangible personal property tax and a slight increase in average daily membership giving the School District additional State foundation funds.

Program expenses increased by \$833,079. Instruction increased by \$576,571 due to increases in salaries and step increases for teachers who had educational advancements. Support services increased by \$144,515, due primarily to an increase in operation and maintenance of plant expenses of \$522,900. The majority of the increase in operation and maintenance of plant was a result of significant increases in gas, electric, and garbage removal.

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 2008 | Total Cost of Services 2007 | Net Cost of Services 2008 | Net Cost of Services 2007 |
|---|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| Instruction | \$5,798,797 | \$5,222,226 | (\$4,813,401) | (\$4,292,833) |
| Support Services | 3,807,871 | 3,663,356 | (3,394,987) | (3,281,669) |
| Operation of Non-Instructional Services | 507,334 | 443,877 | (72,464) | (66,118) |
| Extracurricular Activities | 271,252 | 226,025 | (192,681) | (147,153) |
| Interest and Fiscal Charges | 167,204 | 163,895 | (167,204) | (163,895) |
| Total Expenses | \$10,552,458 | \$9,719,379 | (\$8,640,737) | (\$7,951,668) |

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The School District's Funds

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,202,567 and expenditures of \$10,980,999. The net change in fund balance for the fiscal year was most significant in the General Fund, a decrease of \$779,025. This is due to several factors. The School District's HB264 project funds were received in fiscal year 2007 but were spent out in fiscal year 2008, accounting for \$465,028 of the decrease. The balance is due to a decrease in funding of 1.1 percent and increases in special education costs of 21.1 percent and utilities of 10.2 percent. Overall expenditures increased by 12.08 percent. The net change in fund balance for the fiscal year in the Debt Service Fund was an increase of \$34,713. This increase was caused primarily by tax collections for the payment of debt service exceeding the amount required to make annual debt service payments.

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 2008, 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 \$176,860 above the final budgeted amount in the General Fund.

For the General Fund, original budgeted revenues were \$8,586,418 and final budgeted revenues were \$8,537,424. This represents an increase in estimated revenue of \$48,994. The difference between actual budget basis revenues and final budget basis revenues was \$1,879.

Original budgeted expenditures in the General Fund were \$10,088,771 and final budgeted expenditures were \$9,595,842. This represents a decrease in estimated expenditures of \$492,929 which was due primarily to decreases in special instruction, instructional staff support services, and operation and maintenance of plant expenditures. The difference between actual budget basis expenditures and final budgeted expenditures was \$137,924 due mainly to spending less than the budgeted amounts for regular and special instruction expenditures.

Capital Assets and Debt Administration

Capital Assets

The Williamsburg Local School District's investment in capital assets as of June 30, 2008 was \$9,821,415. This investment in capital assets includes land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal year 2008 balances compared to fiscal year 2007:

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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

| | 2008 | 2007 |
|-----------------------------------|--------------------|--------------------|
| Land | \$99,200 | \$99,200 |
| Land Improvements | 168,219 | 179,511 |
| Buildings and Improvements | 8,755,757 | 8,445,184 |
| Furniture, Fixtures and Equipment | 614,205 | 660,693 |
| Vehicles | 184,034 | 214,071 |
| Totals | \$9,821,415 | \$9,598,659 |

Net capital assets increased \$222,756 from the prior fiscal year. This was due to completion of energy conservation renovations.

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

Debt

At June 30, 2008 the School District had \$3,222,074 in bonds and loans outstanding with \$240,377 due within one year. Table 5 summarizes bonds outstanding:

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

| | 2008 | 2007 |
|--------------------------------------|--------------------|--------------------|
| General Obligation Bonds: | | |
| 1996 School Improvement Bonds 3.40% | \$0 | \$2,965,000 |
| 2008 School Improvement Bonds 3.846% | 2,780,000 | 0 |
| Premium on Debt Issue | 43,694 | 0 |
| Deferred Loss on Refunding | (27,543) | 0 |
| 2007 Energy Conservation Loan 2.61% | 425,923 | 465,028 |
| Totals | \$3,222,074 | \$3,430,028 |

The School District's overall legal debt margin was \$8,323,125 with an unvoted debt margin of \$116,473 and an energy conservation debt limit of \$622,334 at June 30, 2008.

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.

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, 2008
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 thirty-five percent of total tax revenue from personal property taxes paid by businesses. In 1999, a local business, Cincinnati Milacron, representing twenty-five percent of the School District's tax revenue was given a tax abatement to develop a foreign trade zone. The School District negotiated 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 Pilot 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. FY09 is our final year of payment from Milacron and the loss of this income is impacting the School District more significantly than expected because of the lack in State funds and local revenue increases to make up the difference.

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 2007 – 2008 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.

Williamsburg Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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, 549A 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, 2008

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| <u>Assets:</u> | |
| Equity in Pooled Cash and Cash Equivalents | \$4,361,954 |
| Inventory Held for Resale | 3,760 |
| Accrued Interest Receivable | 5,752 |
| Accounts Receivable | 47,404 |
| Materials and Supplies Inventory | 2,085 |
| Intergovernmental Receivable | 43,139 |
| Property Taxes Receivable | 3,619,949 |
| Deferred Charges | 16,139 |
| Capital Assets: | |
| Land | 99,200 |
| Depreciable Capital Assets, Net | <u>9,722,215</u> |
| <i>Total Assets</i> | <u>17,921,597</u> |
| <u>Liabilities:</u> | |
| Accounts Payable | 14,846 |
| Accrued Wages and Benefits Payable | 719,508 |
| Intergovernmental Payable | 284,201 |
| Deferred Revenue | 3,069,894 |
| Matured Compensated Absences Payable | 26,283 |
| Accrued Interest Payable | 11,850 |
| Long-Term Liabilities: | |
| Due Within One Year | 332,936 |
| Due in More Than One Year | <u>3,582,186</u> |
| <i>Total Liabilities</i> | <u>8,041,704</u> |
| <u>Net Assets:</u> | |
| Invested in Capital Assets, Net of Related Debt | 6,615,480 |
| Restricted for: | |
| Capital Outlay | 10,766 |
| Debt Service | 651,425 |
| Other Purposes | 154,842 |
| Set-Asides | 152,932 |
| Unrestricted | <u>2,294,448</u> |
| <i>Total Net Assets</i> | <u><u>\$9,879,893</u></u> |

See accompanying notes to the basic financial statements

Williamsburg Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2008

| | Program Revenues | | | Governmental Activities | Net (Expense) Revenue and Changes in Net Assets |
|--|---------------------|-----------------------------------|--|----------------------------|--|
| | Expenses | Charges for Services and Sales | Operating Grants, Contributions and Interest | | |
| <u>Governmental Activities:</u> | | | | | |
| Instruction: | | | | | |
| Regular | \$4,577,032 | \$290,774 | \$68,847 | \$0 | (\$4,217,411) |
| Special | 1,134,212 | 0 | 616,177 | 0 | (518,035) |
| Vocational | 84,054 | 0 | 9,598 | 0 | (74,456) |
| Student Intervention Services | 3,499 | 0 | 0 | 0 | (3,499) |
| Support Services: | | | | | |
| Pupils | 380,147 | 0 | 26,534 | 0 | (353,613) |
| Instructional Staff | 519,020 | 0 | 119,738 | 0 | (399,282) |
| Board of Education | 27,982 | 0 | 0 | 0 | (27,982) |
| Administration | 737,264 | 0 | 7,904 | 0 | (729,360) |
| Fiscal | 318,474 | 0 | 0 | 0 | (318,474) |
| Operation and Maintenance of Plant | 1,234,870 | 225,091 | 4,521 | 0 | (1,005,258) |
| Pupil Transportation | 581,267 | 0 | 24,072 | 5,024 | (552,171) |
| Central | 8,847 | 0 | 0 | 0 | (8,847) |
| Operation of Non-Instructional Services: | | | | | |
| Other | 15,956 | 0 | 0 | 0 | (15,956) |
| Food Service Operations | 491,378 | 263,004 | 171,866 | 0 | (56,508) |
| Extracurricular Activities | 271,252 | 70,579 | 7,992 | 0 | (192,681) |
| Interest and Fiscal Charges | 167,204 | 0 | 0 | 0 | (167,204) |
| Total Governmental Activities | \$10,552,458 | \$849,448 | \$1,057,249 | \$5,024 | (8,640,737) |

General Revenues:

| | |
|--|--------------------|
| Property Taxes Levied for: | |
| General Purposes | 3,053,290 |
| Debt Service | 344,924 |
| Capital Outlay | 45,672 |
| Grants and Entitlements not Restricted to Specific Programs | 4,246,529 |
| Gifts and Donations | 31,691 |
| Investment Earnings | 213,415 |
| Revenue in Lieu of Taxes | 311,063 |
| Miscellaneous | 150,050 |
| Total General Revenues | 8,396,634 |
| Change in Net Assets | (244,103) |
| Net Assets at Beginning of Year | 10,123,996 |
| Net Assets at End of Year | \$9,879,893 |

See accompanying notes to the basic financial statements

Williamsburg Local School District

Balance Sheet
Governmental Funds
June 30, 2008

| | General Fund | Debt Service Fund | All Other Governmental Funds | Total Governmental Funds |
|--|--------------------|-------------------------|------------------------------------|--------------------------------|
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <u>Assets:</u> | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$3,405,218 | \$609,405 | \$183,633 | \$4,198,256 |
| Inventory Held for Resale | 0 | 0 | 3,760 | 3,760 |
| Materials and Supplies Inventory | 0 | 0 | 2,085 | 2,085 |
| Accrued Interest Receivable | 5,752 | 0 | 0 | 5,752 |
| Accounts Receivable | 47,404 | 0 | 0 | 47,404 |
| Intergovernmental Receivable | 6,376 | 0 | 36,763 | 43,139 |
| Property Taxes Receivable | 3,219,621 | 351,494 | 48,834 | 3,619,949 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 163,698 | 0 | 0 | 163,698 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <i>Total Assets</i> | <u>\$6,848,069</u> | <u>\$960,899</u> | <u>\$275,075</u> | <u>\$8,084,043</u> |
| <u>Liabilities:</u> | | | | |
| Accounts Payable | \$11,307 | \$0 | \$3,539 | \$14,846 |
| Accrued Wages and Benefits Payable | 659,189 | 0 | 60,319 | 719,508 |
| Matured Compensated Absences Payable | 26,283 | 0 | 0 | 26,283 |
| Intergovernmental Payable | 256,309 | 0 | 27,892 | 284,201 |
| Deferred Revenue | 2,983,392 | 324,194 | 45,134 | 3,352,720 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <i>Total Liabilities</i> | <u>3,936,480</u> | <u>324,194</u> | <u>136,884</u> | <u>4,397,558</u> |
| <u>Fund Balances:</u> | | | | |
| Reserved for Encumbrances | 106,287 | 0 | 10,841 | 117,128 |
| Reserved for Property Taxes | 241,100 | 27,300 | 3,700 | 272,100 |
| Reserved for Textbooks and Instructional Materials | 152,932 | 0 | 0 | 152,932 |
| Reserved for Bus Purchases | 10,766 | 0 | 0 | 10,766 |
| Unreserved: | | | | |
| Undesignated, Reported in: | | | | |
| General Fund | 2,400,504 | 0 | 0 | 2,400,504 |
| Special Revenue Funds | 0 | 0 | 123,650 | 123,650 |
| Debt Service Fund | 0 | 609,405 | 0 | 609,405 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <i>Total Fund Balances</i> | <u>2,911,589</u> | <u>636,705</u> | <u>138,191</u> | <u>3,686,485</u> |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| <i>Total Liabilities and Fund Balances</i> | <u>\$6,848,069</u> | <u>\$960,899</u> | <u>\$275,075</u> | <u>\$8,084,043</u> |

See accompanying notes to the basic financial statements

Williamsburg Local School District
 Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 June 30, 2008

Total Governmental Fund Balances \$3,686,485

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

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

| | | |
|--------------------------|-------------|-----------|
| Land | 99,200 | |
| Capital assets | 15,823,934 | |
| Accumulated depreciation | (6,101,719) | |
| Total capital assets | 9,821,415 | 9,821,415 |

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

| | | |
|----------|---------|---------|
| Taxes | 277,955 | |
| Interest | 4,871 | |
| | 282,826 | 282,826 |

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. 16,139

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 | (2,752,457) | |
| Premium on refunding | (43,694) | |
| Loan payable | (425,923) | |
| Accrued interest | (11,850) | |
| Special termination benefits | (88,140) | |
| Compensated absences | (604,908) | |
| Total liabilities | (3,926,972) | (3,926,972) |

Net Assets of Governmental Activities \$9,879,893

See accompanying notes to the basic financial statements

Williamsburg Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

| | General Fund | Debt Service Fund | All Other Governmental Funds | Total Governmental Funds |
|---|--------------------|-------------------------|------------------------------------|--------------------------------|
| <u>Revenues:</u> | | | | |
| Property Taxes | \$2,928,478 | \$332,262 | \$43,720 | \$3,304,460 |
| Intergovernmental | 4,492,213 | 48,849 | 785,106 | 5,326,168 |
| Investment Earnings | 219,552 | 0 | 2,143 | 221,695 |
| Tuition and Fees | 252,456 | 0 | 38,318 | 290,774 |
| Rent | 225,091 | 0 | 0 | 225,091 |
| Extracurricular Activities | 94 | 0 | 70,485 | 70,579 |
| Gifts and Donations | 31,691 | 0 | 7,992 | 39,683 |
| Customer Sales and Services | 0 | 0 | 263,004 | 263,004 |
| Revenue in Lieu of Taxes | 311,063 | 0 | 0 | 311,063 |
| Miscellaneous | 113,223 | 0 | 36,827 | 150,050 |
| <i>Total Revenues</i> | <u>8,573,861</u> | <u>381,111</u> | <u>1,247,595</u> | <u>10,202,567</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,292,453 | 0 | 117,490 | 4,409,943 |
| Special | 737,121 | 0 | 381,435 | 1,118,556 |
| Vocational | 79,067 | 0 | 0 | 79,067 |
| Student Intervention Services | 3,499 | 0 | 0 | 3,499 |
| Support Services: | | | | |
| Pupils | 342,598 | 0 | 34,985 | 377,583 |
| Instructional Staff | 385,750 | 0 | 119,871 | 505,621 |
| Board of Education | 27,982 | 0 | 0 | 27,982 |
| Administration | 702,527 | 0 | 10,910 | 713,437 |
| Fiscal | 294,434 | 6,024 | 809 | 301,267 |
| Operation and Maintenance of Plant | 1,641,511 | 0 | 62,875 | 1,704,386 |
| Pupil Transportation | 572,708 | 0 | 0 | 572,708 |
| Central | 8,847 | 0 | 0 | 8,847 |
| Operation of Non-Instructional Services: | | | | |
| Other | 16,022 | 0 | 0 | 16,022 |
| Food Service Operations | 0 | 0 | 455,219 | 455,219 |
| Extracurricular Activities | 197,127 | 0 | 81,839 | 278,966 |
| Debt Service | | | | |
| Principal Retirement | 39,105 | 185,000 | 0 | 224,105 |
| Interest and Fiscal Charges | 12,135 | 155,374 | 0 | 167,509 |
| Issuance Costs | 0 | 16,282 | 0 | 16,282 |
| <i>Total Expenditures</i> | <u>9,352,886</u> | <u>362,680</u> | <u>1,265,433</u> | <u>10,980,999</u> |
| <i>Excess of Revenues Under Expenditures</i> | <u>(779,025)</u> | <u>18,431</u> | <u>(17,838)</u> | <u>(778,432)</u> |
| <u>Other Financing Sources and Uses:</u> | | | | |
| Refunding Bonds Issued | 0 | 2,780,000 | 0 | 2,780,000 |
| Premium on Refunding Bonds Issued | 0 | 44,082 | 0 | 44,082 |
| Current Refunding | 0 | (2,807,800) | 0 | (2,807,800) |
| <i>Total Other Financing Sources</i> | <u>0</u> | <u>16,282</u> | <u>0</u> | <u>16,282</u> |
| <i>Net Change in Fund Balances</i> | <u>(779,025)</u> | <u>34,713</u> | <u>(17,838)</u> | <u>(762,150)</u> |
| <i>Fund Balances at Beginning of Year</i> | <u>3,690,614</u> | <u>601,992</u> | <u>156,029</u> | <u>4,448,635</u> |
| <i>Fund Balances at End of Year</i> | <u>\$2,911,589</u> | <u>\$636,705</u> | <u>\$138,191</u> | <u>\$3,686,485</u> |

See accompanying notes to the basic financial statements

Williamsburg Local School District
 Reconciliation of the Change in Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Fiscal Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds (\$762,150)

*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 assets additions | 662,160 | |
| Depreciation expense | (386,589) | |
| Excess of depreciation expense over capital outlay | | 275,571 |

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

| | | |
|------------------------------------|--|----------|
| Loss on disposal of capital assets | | (52,815) |
|------------------------------------|--|----------|

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

| | | |
|---------------------------|----------|---------|
| Delinquent property taxes | 139,426 | |
| Intergovernmental | (25,358) | |
| Investment Earnings | (8,280) | |
| | | 105,788 |

Bond proceeds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. In the government-wide statements, however, issuing debt increases long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities.

| | | |
|-----------------------------|-------------|-------------|
| Proceeds of refunding bonds | (2,780,000) | |
| Premium on refunding bonds | (44,082) | |
| | | (2,824,082) |

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

| | | |
|--|--|--------|
| | | 16,282 |
|--|--|--------|

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 | (143) | |
| Amortization of loss on refunding | (257) | |
| Amortization of bond premium | 388 | |
| | | (12) |

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 | 185,000 | |
| Loan principal retirement | 39,105 | |
| Current refunding | 2,807,800 | |
| Total long-term debt repayment | | 3,031,905 |

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

| | | |
|------------------------------|--|-----|
| Decrease in accrued interest | | 317 |
|------------------------------|--|-----|

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

| | | |
|--|----------|----------|
| Increase in special termination benefits | (20,959) | |
| Increase in compensated absences | (13,948) | |
| Total additional expenditures | | (34,907) |

Change in Net Assets of Governmental Activities (\$244,103)

Williamsburg Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2008

| | Budgeted Amounts | | Actual | Variance with |
|---|--------------------|--------------------|--------------------|------------------------|
| | Original | Final | | Final Budget |
| | | | | Positive (Negative) |
| <u>Revenues:</u> | | | | |
| Property Taxes | \$3,010,893 | \$2,990,178 | \$2,990,178 | \$0 |
| Intergovernmental | 4,433,359 | 4,410,873 | 4,410,873 | 0 |
| Investment Earnings | 224,336 | 223,198 | 223,464 | 266 |
| Tuition and Fees | 235,684 | 234,489 | 234,492 | 3 |
| Rent | 225,736 | 224,591 | 225,091 | 500 |
| Extracurricular Activities | 14 | 14 | 14 | 0 |
| Gifts and Donations | 31,868 | 31,706 | 31,691 | (15) |
| Revenue in Lieu of Taxes | 312,649 | 311,063 | 311,063 | 0 |
| Miscellaneous | 111,879 | 111,312 | 112,437 | 1,125 |
| <i>Total Revenues</i> | <u>8,586,418</u> | <u>8,537,424</u> | <u>8,539,303</u> | <u>1,879</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,312,852 | 4,347,115 | 4,266,016 | 81,099 |
| Special | 959,308 | 753,354 | 736,746 | 16,608 |
| Vocational | 78,029 | 78,936 | 78,339 | 597 |
| Student Intervention Services | 3,430 | 3,511 | 3,494 | 17 |
| Support Services: | | | | |
| Pupils | 345,130 | 349,169 | 345,758 | 3,411 |
| Instructional Staff | 586,977 | 415,271 | 412,846 | 2,425 |
| Board of Education | 29,664 | 32,760 | 29,058 | 3,702 |
| Administration | 704,547 | 709,028 | 699,641 | 9,387 |
| Fiscal | 288,450 | 300,127 | 293,492 | 6,635 |
| Operation and Maintenance of Plant | 1,856,417 | 1,731,232 | 1,718,395 | 12,837 |
| Pupil Transportation | 595,506 | 573,251 | 571,543 | 1,708 |
| Central | 8,684 | 8,847 | 8,847 | 0 |
| Operation of Non-Instructional Services | 31,518 | 17,749 | 18,859 | (1,110) |
| Extracurricular Activities | 197,056 | 188,136 | 187,528 | 608 |
| Capital Outlay | 91,203 | 87,356 | 87,356 | 0 |
| Intergovernmental | 0 | 0 | 0 | 0 |
| Debt Service: | | | | |
| Principal | 0 | 0 | 0 | 0 |
| Interest | 0 | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>10,088,771</u> | <u>9,595,842</u> | <u>9,457,918</u> | <u>137,924</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(1,502,353)</u> | <u>(1,058,418)</u> | <u>(918,615)</u> | <u>139,803</u> |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Refund of Prior Year Expenditures | 0 | 48,700 | 48,700 | 0 |
| Advances In | 0 | 80 | 80 | 0 |
| Transfers Out | 0 | (37,057) | 0 | 37,057 |
| <i>Total Other Financing Sources (Uses)</i> | <u>0</u> | <u>11,723</u> | <u>48,780</u> | <u>37,057</u> |
| <i>Net Change in Fund Balance</i> | <u>(1,502,353)</u> | <u>(1,046,695)</u> | <u>(869,835)</u> | <u>176,860</u> |
| <i>Fund Balance at Beginning of Year</i> | <u>4,066,626</u> | <u>4,066,626</u> | <u>4,066,626</u> | <u>0</u> |
| <i>Prior Year Encumbrances Appropriated</i> | <u>248,214</u> | <u>248,214</u> | <u>248,214</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u>\$2,812,487</u> | <u>\$3,268,145</u> | <u>\$3,445,005</u> | <u>\$176,860</u> |

See accompanying notes to the basic financial statements

Williamsburg Local School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Fund
June 30, 2008

| | <u>Agency</u> |
|--|-----------------|
| <u>Assets:</u> | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$34,707</u> |
| <u>Liabilities:</u> | |
| Undistributed Monies | <u>\$34,707</u> |

See accompanying notes to the basic financial statements

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1922. 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 47 non-certified, 60 teaching personnel and nine administrative employees providing education to 1,063 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 School Plan

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements

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

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

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All funds of the School District fall within two categories: governmental and fiduciary.

Governmental Funds

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

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

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

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

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

Fiduciary Fund

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

D. Basis of Accounting

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

Revenue – Exchange and Non-exchange Transactions

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

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 and grants.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Cash Equivalents

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

During fiscal year 2008, the School District invested in the State Treasury Asset Reserve of Ohio (STAROhio), negotiable and non-negotiable certificates of deposit, and the Fifth Third Institutional Government Money Market Mutual Fund. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit 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, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 amounted to \$219,552 which includes \$57,820 assigned from other School District funds.

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

F. Inventory

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

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, 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, and unexpended grant revenue restricted for the purchase of buses.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

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

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

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

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

I. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Compensated Absences

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

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

K. Net Assets

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

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

The government-wide Statement of Net Assets reports \$969,965 of restricted net assets, none of which is restricted by enabling legislation.

L. 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, textbooks and instructional materials and bus purchases.

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 2008.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Internal Activity

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

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.

N. 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.

O. Budgetary Process

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

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.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (continued)

| | Net Change in Fund Balance |
|---|----------------------------|
| GAAP Basis | (\$779,025) |
| Adjustments: | |
| Revenue Accruals | 18,935 |
| Net Increase in Fair Value of Investments - Fiscal Year 2007 | (155) |
| Net Decrease in Fair Value of Investments - Fiscal Year 2008 | (4,638) |
| Expenditure Accruals | 23,517 |
| Advances | 80 |
| Encumbrances | (128,549) |
| Budget Basis | (\$869,835) |

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:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$119,168 of the School District's bank balance of \$219,168 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institutions trust department or agent, but not in the District's name. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Investments

As of June 30, 2008, the School District had the following investments, which are in an internal investment pool:

| | <u>Fair Value</u> | <u>Maturity</u> |
|---|---------------------------|--------------------|
| STAROhio | \$3,433,104 | Average 38.56 Days |
| Fifth Third Institutional Government Money Market Mutual Fund | 39,721 | Average 90 Days |
| Negotiable Certificates of Deposit | <u>919,362</u> | Less than one year |
| Total Investments | <u><u>\$4,392,187</u></u> | |

Interest Rate Risk

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

Concentration of Credit Risk

The Negotiable Certificates of Deposit represent 21 percent of the School District's investments.

Credit Risk

STAROhio and the Fifth Third Institutional Government Money Market Mutual Fund carry 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 fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

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 collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 5 - PROPERTY TAXES (continued)

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in calendar year 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out. The assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Clermont and Brown Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2008, are available to finance fiscal year 2008 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, 2008 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 reported 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, 2008

NOTE 5 - PROPERTY TAXES (continued)

The amount available as an advance at June 30, 2008, was \$241,100 in the General Fund, \$27,300 in the Debt Service Fund and \$3,700 in the All Other Governmental Funds. The amount available as an advance at June 30, 2007, was \$302,800 in the General Fund, \$38,500 in the Debt Service Fund, and \$4,700 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 2008 taxes were collected are:

| | 2007 Second- Half Collections | | 2008 First- Half Collections | |
|---|----------------------------------|---------|---------------------------------|---------|
| | Amount | Percent | Amount | Percent |
| Real Estate | \$110,371,480 | 92.60% | \$113,579,790 | 93.93% |
| Public Utility Personal | 4,241,690 | 3.56% | 3,583,540 | 2.96% |
| General Business Personal | 4,577,848 | 3.84% | 3,756,118 | 3.11% |
| Total Assessed Value | \$119,191,018 | 100.00% | \$120,919,448 | 100.00% |
| Tax rate per \$1,000 of assessed valuation | \$47.40 | | \$46.82 | |

NOTE 6 - RECEIVABLES

Receivables at June 30, 2008, consisted of accrued interest, 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 |
|---|----------|
| <u>Governmental Activities:</u> | |
| Student Reading Intervention Grant | \$1,031 |
| Title I - Targeted Assistance Grant | 32,153 |
| Title II-A Grant | 2,699 |
| Title V - Innovative Education Programs | 880 |
| Clermont County ESC | 6,376 |
| Total Intergovernmental Receivable | \$43,139 |

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2008 was as follows:

| | Balance at 6/30/07 | Additions | Deductions | Balance at 6/30/08 |
|---|-----------------------|-------------------|-------------------|-----------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$99,200 | \$0 | \$0 | \$99,200 |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 1,485,507 | 14,993 | 0 | 1,500,500 |
| Buildings and Improvements | 11,654,412 | 566,538 | 0 | 12,220,950 |
| Furniture, Fixtures and Equipment | 1,418,797 | 80,629 | (68,033) | 1,431,393 |
| Vehicles | 671,091 | 0 | 0 | 671,091 |
| Total Capital Assets Being Depreciated | <u>15,229,807</u> | <u>662,160</u> | <u>(68,033)</u> | <u>15,823,934</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | (1,305,996) | (26,285) | 0 | (1,332,281) |
| Buildings and Improvements | (3,209,228) | (255,965) | 0 | (3,465,193) |
| Furniture, Fixtures and Equipment | (758,104) | (74,302) | 15,218 | (817,188) |
| Vehicles | (457,020) | (30,037) | 0 | (487,057) |
| Total Accumulated Depreciation | <u>(5,730,348)</u> | <u>(386,589)*</u> | <u>15,218</u> | <u>(6,101,719)</u> |
| Total Capital Assets Being Depreciated, Net | <u>9,499,459</u> | <u>275,571</u> | <u>(52,815)</u> | <u>9,722,215</u> |
| Governmental Activities Capital Assets, Net | <u>\$9,598,659</u> | <u>\$275,571</u> | <u>(\$52,815)</u> | <u>\$9,821,415</u> |

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 7 - CAPITAL ASSETS (continued)

* Depreciation expense was charged to governmental functions as follows:

| | |
|---|-------------------------|
| Instruction: | |
| Regular | \$157,846 |
| Special | 15,552 |
| Vocational | 1,944 |
| Support Services: | |
| Pupils | 1,944 |
| Instructional Staff | 35,387 |
| Administration | 16,357 |
| Fiscal | 7,031 |
| Operation and Maintenance of Plant | 54,813 |
| Pupil Transportation | 55,447 |
| Operation of Non-Instructional Services - Food Service Operations | 26,542 |
| Extracurricular Activities | 13,726 |
| Total Depreciation Expense | <u><u>\$386,589</u></u> |

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School District contracted with Indiana Insurance for property insurance and inland marine coverage and with Harcum-Hyre Schuett for liability and fleet insurance.

Insurance coverage provided includes the following:

| | |
|---|----------------|
| Building and Contents - replacement cost (\$1,000 deductible) | \$26,427,234 |
| Additional Miscellaneous Property Damage (\$500 deductible) | 125,000 |
| Inland Marine Coverage (\$500 deductible) | included above |
| Additional Inland Marine Coverage | 116,509 |
| Automobile Liability (\$1,000 deductible) | 2,000,000 |

The School District, along with other school districts in Ohio, participates in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP. (See Note 16).

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 8 - RISK MANAGEMENT (continued)

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

| | |
|--|-------------|
| Educational General Liability: | |
| Each Occurrence | \$1,000,000 |
| Aggregate Limit | 3,000,000 |
| Products - Completed Operations Aggregate Limit | 1,000,000 |
| Personal and Advertising Injury Limit - Each Offense | 1,000,000 |
| Loss of Electronic Data Limit - Each Incident | 50,000 |
| Fire Damage Limit - Any One Event | 500,000 |
| Excess Liability: | |
| Each Occurrence | 2,000,000 |
| Aggregate Limit | 2,000,000 |
| Employer's Liability: | |
| Each Occurrence | 1,000,000 |
| Disease - Each Employee | 1,000,000 |
| Disease - Policy Limit | 1,000,000 |

Settled claims have not exceeded this commercial coverage in any of the past four fiscal years. There have been no significant changes in coverage from the last fiscal year.

B. Employee Benefits

For fiscal year 2008, the School District participated in the Clermont County Insurance Consortium (the Consortium), an insurance purchasing pool, in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries (See Note 16).

C. Workers' Compensation

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$83,742, \$89,938 and \$72,796 respectively; 76.82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$484,094, \$440,559, and \$425,854 respectively; 82.96 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$4,065 made by the School District and \$3,871 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2008, four members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 10 - POSTEMPLOYMENT BENEFITS (continued)

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$57,119, \$47,974, and \$47,963 respectively; 76.82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$6,034, \$6,116, and \$5,794 respectively; 76.82 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

Plan Description – The School District contributes to the cost-sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$37,238, \$33,889, and \$32,758 respectively; 82.96 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 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 ten to twenty days of vacation per fiscal year, depending upon length of service. Teachers do not earn vacation time. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators, and non-certified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 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 2008, \$33,591 in special termination benefits were paid. The outstanding balance at June 30, 2008 was \$88,140. Of this balance, \$47,227 will be paid on July 15, 2008, \$13,638 will be paid on July 15, 2009, \$13,637 will be paid on July 15, 2010 and \$13,637 will be paid in 2011.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2008 were as follows:

| <u>Governmental Activities:</u> | Amount Outstanding 6/30/07 | Additions | Deductions | Amount Outstanding 6/30/08 | Amounts Due in One Year |
|--|----------------------------------|--------------------|--------------------|----------------------------------|-------------------------------|
| 1996 School Improvement General Obligation Bonds - 5 - 5.05% | \$2,965,000 | \$0 | \$2,965,000 | \$0 | \$0 |
| 2008 School Improvement General Obligation Refunding Bonds - 3.846% | 0 | 2,780,000 | 0 | 2,780,000 | 198,000 |
| Premium on Debt Issue | 0 | 44,082 | 388 | 43,694 | 0 |
| Deferred Loss on Refunding | 0 | (27,800) | (257) | (27,543) | 0 |
| 2007 Energy Conservation Loan - 2.61% | 465,028 | 0 | 39,105 | 425,923 | 42,377 |
| Total Long-Term Bonds and Loan | 3,430,028 | 2,796,282 | 3,004,236 | 3,222,074 | 240,377 |
| Compensated Absences | 590,960 | 50,083 | 36,135 | 604,908 | 45,332 |
| Special Termination Benefits | 67,181 | 54,550 | 33,591 | 88,140 | 47,227 |
| Total Governmental Activities Long- Term Obligations | \$4,088,169 | \$2,900,915 | \$3,073,962 | \$3,915,122 | \$332,936 |

School Improvement Bonds - In March, 1996, the School District issued \$4,255,000 in voted general obligation bonds for the purpose of constructing a new high school. The bonds were issued at interest rates of 5 percent to 5.05 percent for a 23 year period with final maturity during fiscal year 2019. The bonds will be repaid from the Debt Service Fund.

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 interest rate on the refunded bonds was 3.4 percent, while the rate on the new debt is 3.846 percent. The net proceeds of \$2,780,000 (including a premium of \$44,082 and after payment of \$16,282 in underwriting fees, insurance and other issuance costs) were used to defease the entire amount of the debt outstanding on the old bonds at the date of issuance, which was \$2,780,000. The liability for those bonds has been removed from the financial statements. The bonds were issued for a 11 year period with final maturity during fiscal year 2019. The bonds will be repaid from the Debt Service Fund.

The refunding resulted in a difference of \$27,800 between the net carrying amount of the debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds using the straight-line method. The School District's total debt service payments decreased by \$196,478 as a result of the current refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$165,091.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 13 - LONG-TERM OBLIGATIONS (continued)

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 ten year period with final payment due in fiscal year 2017. The loan will be repaid from the General Fund.

As of June 30, 2008, all of the proceeds of this loan had been spent toward the project.

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

The School District's overall legal debt margin was \$8,323,125 with an unvoted debt margin of \$116,473 and an energy conservation debt limit of \$622,334 at June 30, 2008.

Principal and interest requirements to retire debt outstanding at June 30, 2008, are as follows:

| Fiscal year Ending June 30, | <u>General Obligation Bonds</u> | | <u>Energy Conservation Loan</u> | | <u>Total</u> | |
|--------------------------------|---------------------------------|------------------|---------------------------------|-----------------|--------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009 | \$198,000 | \$105,784 | \$42,377 | \$11,057 | \$240,377 | \$116,841 |
| 2010 | 212,000 | 95,227 | 43,483 | 9,951 | 255,483 | 105,178 |
| 2011 | 221,000 | 86,900 | 44,618 | 8,817 | 265,618 | 95,717 |
| 2012 | 231,000 | 78,208 | 45,782 | 7,652 | 276,782 | 85,860 |
| 2013 | 241,000 | 69,132 | 46,977 | 6,458 | 287,977 | 75,590 |
| 2014-2018 | 1,368,000 | 195,377 | 202,686 | 13,248 | 1,570,686 | 208,625 |
| 2019 | 309,000 | 5,942 | 0 | 0 | 309,000 | 5,942 |
| Total | <u>\$2,780,000</u> | <u>\$636,570</u> | <u>\$425,923</u> | <u>\$57,183</u> | <u>\$3,205,923</u> | <u>\$693,753</u> |

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.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 14 - SET-ASIDE CALCULATIONS (continued)

| | Textbooks and Instructional Materials | Capital Acquisitions |
|---|---|-------------------------|
| Set-aside Reserve Balance as of June 30, 2007 | \$136,116 | \$0 |
| Current Fiscal Year Set-aside Requirement | 150,719 | 150,719 |
| Current Fiscal Year Offsets | 0 | (46,906) |
| Qualifying Disbursements | (133,903) | (117,532) |
| Totals | <u>\$152,932</u> | <u>(\$13,719)</u> |
| Set-aside Reserve Balance Carried Forward to Future Fiscal Years | <u>\$152,932</u> | <u>\$0</u> |
| Set-aside Reserve Balance as of June 30, 2008 | <u>\$152,932</u> | <u>\$0</u> |

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

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. Hamilton/Clermont Cooperative Association

The Williamsburg Local School District is a participant in a two-county consortium of school districts to operate the Hamilton/Clermont Cooperative Association (H/CCA). H/CCA is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The Board of H/CCA consists of one representative from each of the participating members. The School District paid \$26,720 for services provided during the fiscal year. Complete financial statements for H/CCA can be obtained from Al Porter, Director, at their administrative offices at 7615 Harrison Avenue, Cincinnati, Ohio 45231.

B. U.S. Grant Joint Vocational School

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

NOTE 16 - INSURANCE PURCHASING POOLS

A. Clermont County Insurance Consortium

The Clermont County Insurance Consortium (the Consortium), an insurance purchasing pool, is an insurance consortium formed to provide affordable and desirable dental, life, medical, and other disability group insurance for members' employees, eligible dependents and designated beneficiaries of such employees. The Board of Directors consists of one representative from each of the participating members and is elected by the vote of a majority of the member school districts. The School District pays premiums to a third party administrator, Southwestern Ohio Educational Purchasing Council, which in turn buys the insurance policies from various insurance companies. Upon termination, the School District is responsible for prompt payment of all plan liabilities accruing as a result of such termination and maintains no right to any assets of the Consortium. The School District may terminate participation in the Consortium for the benefit of its employees upon written notice to the Trustee delivered at least sixty days prior to the annual review date of the policy. Financial information can be obtained from Dr. Alexander, Administrator of the Clermont County Insurance Consortium, at 2400 Clermont Center Drive, Suite 202, Batavia, OH 45103.

B. Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the OSP to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a thirteen member Board of Directors consisting of school district superintendents and treasurers, as well as Dave Harcum, an independent consultant of Hylant Administrative Services, LLC, and a partner of Hylant Administrative Services, LLC. Hylant Administrative Services, LLC is the Administrator of the OSP and is responsible for processing claims.

NOTE 17 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

Williamsburg Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

NOTE 17 – CONTINGENCIES (continued)

B. Litigation

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

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**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Receipts | Non-Cash Receipts | Disbursements | Non-Cash Disbursements |
|--|----------------------------------|---------------------------|-------------------------|------------------------|-------------------------|---------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u> | | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | | |
| Food Distribution Program | | 10.550 | \$0 | \$33,723 | \$0 | \$33,723 |
| Child Nutrition Cluster: | | | | | | |
| National School Breakfast Program | | 10.553 | 24,240 | 0 | 24,240 | 0 |
| National School Lunch Program | | 10.555 | 108,861 | 0 | 108,861 | 0 |
| Total Child Nutrition Cluster | | | 133,101 | 0 | 133,101 | 0 |
| Total Department of Agriculture | | | 133,101 | 33,723 | 133,101 | 33,723 |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | | |
| Special Education Grants to States (IDEA Part B) | 2008 | 84.027 | 223,290 | 0 | 223,290 | 0 |
| Title I Grants to Local Educational Agencies | 2008 | 84.010 | 232,865 | 0 | 232,735 | 0 |
| | 2007 | 84.010 | 39,109 | 0 | 39,344 | 0 |
| | | | 271,974 | 0 | 272,079 | 0 |
| Safe and Drug-Free Schools and Communities - State Grants | 2008 | 84.186 | 4,732 | 0 | 4,332 | 0 |
| | 2007 | 84.186 | 0 | 0 | 300 | 0 |
| | | | 4,732 | 0 | 4,632 | 0 |
| Innovative Educational Program Strategies | 2008 | 84.298 | 1,439 | 0 | 1,439 | 0 |
| Improving Teacher Quality | 2008 | 84.367 | 8,893 | 0 | 8,893 | 0 |
| | 2007 | 84.367 | 51,271 | 0 | 49,540 | 0 |
| | | | 60,164 | 0 | 58,433 | 0 |
| Technology Literacy Challenge Grant | 2008 | 84.318 | 2,690 | 0 | 2,690 | 0 |
| Total Department of Education | | | 564,289 | 0 | 562,563 | 0 |
| Totals | | | <u>\$697,390</u> | <u>\$33,723</u> | <u>\$695,664</u> | <u>\$33,723</u> |

The accompanying notes to this schedule 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, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamsburg Local School District, Clermont County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 21, 2009. 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 expressing our opinions on the financial statements, but not to opine 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2008-001 described in the accompanying schedule of to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We noted a certain matter that we reported to the District's management in a separate letter dated May 21, 2009

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*.

We did note certain noncompliance matters that we reported to the District's management in a separate letter dated May 21, 2009.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 21, 2009



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Williamsburg Local School District, Clermont County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. 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 contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year June 30, 2008.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be 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. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated May 21, 2009.

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



Mary Taylor, CPA
Auditor of State

May 21, 2009

**WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2008-001

Significant Deficiency – Capital Assets

A capital asset system should maintain sufficient information to: allow the accurate preparation of year-end financial statement, provide adequate documentation for insurance coverage, and to provide adequate information for management control and accountability.

Certain capital assets were not added to its register and some were not depreciated. We also noted some assets that had reached the end of their asset life in years; however there were balances remaining. Some errors were caused when the District entered assets in the system and other errors were caused by miscalculations by the system after the District made adjustments to asset values or useful life. Not all the acquisition and disposition of assets listed on the reports were represented by an acquisition or disposition form.

**FINDING NUMBER 2008-001
(Continued)**

Audit adjustments to add assets not recorded by the District and correct depreciation calculations decreased expenses by \$421,180 and increased capital assets (net of depreciation) by \$421,180.

Failure to maintain an accurate capital asset listing increases the risk that errors, theft or fraud could occur and not be detected in a timely manner. We recommend that the current capital asset policy and procedures be reviewed, updated, and monitored by District management. We also recommend that the capital asset register be reviewed after all acquisitions, dispositions and adjustments are made to ensure that the changes made are reflected.

Officials Response:

Our capital asset system in the past has included all recommended information from the Auditor's office. However, our past Treasurer was killed in a horrific car accident early in December. The Auditor's office may or may not be aware that the Fixed Asset State Software System does not allow for easy post period closing adjustments. Therefore, most Treasurers will not close fixed assets until the Auditors are done reviewing that period. Then after the Audit is completed, the Treasurer can update the system to include Auditor recommendations. I strongly feel that Robin Davenport was going to key fixed asset updates to buildings per HB 264 guidelines in the State Software System before the audit was complete. Unfortunately, she was killed before she could complete that task. The HB 264 updates are indeed in the system now, and are depreciating correctly. Depreciation was completed correctly for that 2007-2008 period also, it was just done posthumously.

Also, in Fixed Assets, most users are not aware that in the State Software system, upgrades cannot be made to existing tag numbers if that tag has already been completely depreciated. Obviously, since we added an upgrade to the tag, the personnel at Williamsburg were attempting to correctly classify those assets in state software. Because that upgrade did not get depreciation expense started again for that tag, Our depreciation expense Was not calculating correctly. In addition, years ago, modifications were made to other tag numbers trying to correct depreciation expense so that it would extend the life of the asset as recommended_ Again, those modifications to tag numbers were not sufficient to correct depreciation. As a long time user of state Software, I can say that it is not widely known that upgrades to tags and modifications to the life of the asset are not enough to "kick start" depreciation so that it calculates as intended. Again, all fixed assets and depreciation are currently as correct as possible in the State Software system for the 2007-2008 period and will be handled correctly in the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

WILLIAMSBURG LOCAL SCHOOL DISTRICT
CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 4, 2009