

Ripley Union Lewis Huntington Local School District

Brown County

Single Audit

July 1, 2003 Through June 30, 2004

Fiscal Year Audited Under GAGAS: 2004

**BALESTRA, HARR & SCHERER, CPAs, INC.**  
528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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**Auditor of State  
Betty Montgomery**

Board of Education  
Ripley Union Lewis Huntington Local School District  
120 Main Street  
Ripley, Ohio 45167-1232

We have reviewed the Independent Auditor's Report of the Ripley Union Lewis Huntington Local School District, Brown County, prepared by Balestra, Harr & Scherer CPAs, Inc., for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ripley Union Lewis Huntington Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

April 28, 2005

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**Ripley Union Lewis Huntington Local School District**

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

Members of the Board  
Ripley Union Lewis Huntington Local School District  
120 Main Street  
Ripley, Ohio 45167

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ripley Union Lewis Huntington Local School District (the District), Brown County, as of and for the year ended June 30, 2004, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2004, and the respective changes in financial position thereof, and the respective budgetary comparison for the General fund and Food Service 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 March 28, 2005, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Ripley Union Lewis Huntington Local School District  
Independent Auditor's Report  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 3 to the basic financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements for State and Local Governments: Omnibus*, GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, and GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.



Balestra, Harr & Scherer, CPAs, Inc.

March 28, 2005



**Ripley Union Lewis Huntington Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004  
Unaudited

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As management of the Ripley Union Lewis Huntington 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 year ended June 30, 2004. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the notes to the financial statements to enhance their understanding of the School District's performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard 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. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. Considering the financial resources necessary to prepare this information of the prior year, and that the *GASB Statement No. 34* permits the omission of the comparative information in the first year of adoption of the new reporting model, the School District has elected to exclude the information in this report. Subsequent reports will include the comparative information.

**Financial Highlights**

The assets of the Ripley Union Lewis Huntington Local School District exceeded its liabilities at June 30, 2004 by \$29,993,681. Of this amount, \$812,234 may be used to meet the School District's ongoing financial obligations. The remaining amount represents capital assets net of related debt and net asset amounts restricted for specific purposes.

The School District's net assets increased by \$300,057 during this year's operations.

General revenues accounted for \$9,111,570 or 79 percent of all revenues. Program specific revenues in the form of charges for services, sales, grants, contributions and interest accounted for \$2,409,317 or 21 percent of total revenues of \$11,520,887.

The School District had \$11,220,830 in expenses related to governmental activities; only \$2,409,317 of these expenses were offset by program specific charges for services, sales, grants, contributions and interest.

**Ripley Union Lewis Huntington Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004  
Unaudited

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### **Using the Basic Financial Statements**

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

The *Statement of Net Assets* and *Statement of Activities* provides 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 major funds presented in total in one column. The major funds for the Ripley Union Lewis Huntington Local School District are the General, Food Service, and Construction Funds.

### **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 2004?" 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 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 9. 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.

**Ripley Union Lewis Huntington Local School District**  
Management's Discussion and Analysis  
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**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 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 one agency fund. We exclude this activity 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.

### **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 2004 and 2003:

**Ripley Union Lewis Huntington Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2004  
Unaudited

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(Table 1)

Net Assets

Governmental Activities

	2004	2003
<b>Assets</b>		
Current and Other Assets	\$15,252,154	\$26,485,253
Capital Assets	24,774,012	11,790,446
Total Assets	<u>40,026,166</u>	<u>38,275,699</u>
<b>Liabilities</b>		
Long-Term Liabilities	5,295,728	5,064,331
Other Liabilities	4,736,757	3,517,744
Total Liabilities	<u>10,032,485</u>	<u>8,582,075</u>
<b>Net Assets</b>		
Invested in Capital Assets, Net of Related Debt	19,997,092	7,228,180
Restricted	9,184,355	22,474,583
Unrestricted (Deficit)	812,234	(9,139)
Total Net Assets	<u>\$29,993,681</u>	<u>\$29,693,624</u>

Total assets increased by \$1,750,467. This was primarily due to a \$12,983,566 increase in capital assets as a result of construction on building projects. Restricted net assets decreased due to the outflows of cash restricted for use on the construction project. Unrestricted net assets increased mainly due to revenues exceeding expenditures.

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 further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services, sales, restricted grants, contributions and interest. General Revenues include taxes, unrestricted grants, such as state foundation support, unrestricted investment earnings and miscellaneous revenues.

Since this is the first year the School District has prepared financial statements following *GASB 34*, revenue and expense comparisons to fiscal year 2003 are not available. This table will present two fiscal years in side-by-side comparisons in successive reporting years.

**Ripley Union Lewis Huntington Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2004  
 Unaudited

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(Table 2)  
 Change in Net Assets

	Governmental Activities <u>2004</u>
<b>Revenues</b>	
Program Revenues:	
Charges for Services and Sales	\$645,819
Operating Grants, Contributions and Interest	1,718,448
Capital Grants and Contributions	45,050
Total Program Revenues	<u>2,409,317</u>
General Revenues:	
Property Taxes	2,175,175
Grants and Entitlements not Restricted to Specific Programs	6,785,427
Investment Earnings	132,772
Miscellaneous	18,196
Total General Revenues	<u>9,111,570</u>
 Total Revenues	 <u>\$11,520,887</u>

*(continued)*

**Ripley Union Lewis Huntington Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2004  
 Unaudited

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(Table 2)  
 Change in Net Assets  
 (continued)

	Governmental Activities <u>2004</u>
<b>Program Expenses</b>	
Instruction:	
Regular	\$4,355,034
Special	1,251,446
Vocational	528,200
Support Services:	
Pupils	280,150
Instructional Staff	743,077
Board of Education	156,727
Administration	902,624
Fiscal	277,324
Operation and Maintenance of Plant	854,454
Pupil Transportation	799,188
Central	97,964
Operation of Non-Instructional Services:	
Food Services	486,417
Other	22,299
Extracurricular Activities	263,401
Intergovernmental	27,280
Interest and Fiscal Charges	175,245
Total Expenses	<u>11,220,830</u>
Increase in Net Assets	<u><u>\$300,057</u></u>

**Ripley Union Lewis Huntington Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2004  
 Unaudited

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**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants 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 restricted grants, fees, interest and donations.

(Table 3)

Governmental Activities		
	Total Cost of Services 2004	Net Cost of Services 2004
Instruction	\$6,134,680	\$4,653,271
Support Services	4,111,508	3,838,666
Operation of Non- Instructional Services	508,716	(3,076)
Extracurricular Activities	263,401	148,409
Intergovernmental	27,280	(1,002)
Interest and Fiscal Charges	175,245	175,245
Total Expenses	\$11,220,830	\$8,811,513

**The School District's Funds**

Information about the School District's major funds start on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$24,895,179 and expenditures and other financing uses of \$24,691,301. The net change in fund balance for the year was most significant in the General Fund, an increase of \$804,589 and the Construction Fund, a decrease of \$708,638. This decrease was caused primarily by the cost to construct the new buildings in the School District.

**Ripley Union Lewis Huntington Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2004  
 Unaudited

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**General Fund - Budget Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. During the course of fiscal year 2004, 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 \$1,700 above the final budgeted amount in the General Fund.

For the General Fund, budget basis actual revenue and other financing sources was \$10,007,497 with original budget estimates of \$9,933,567.

**Capital Assets and Debt Administration**

***Capital Assets***

The Ripley Union Lewis Huntington Local School District's investment in capital assets as of June 30, 2004 was \$24,774,012. This investment in capital assets includes land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2004 balances compared to 2003:

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

	2004	2003
Land	\$289,313	\$289,313
Construction in Progress	15,738,014	2,232,564
Buildings and Improvements	8,279,938	8,718,989
Furniture and Equipment	142,022	151,321
Vehicles	324,725	398,259
Totals	<u>\$24,774,012</u>	<u>\$11,790,446</u>

Net capital assets increased \$12,983,566 from the prior year. This is mainly due to the construction of the building projects.

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



**Ripley Union Lewis Huntington Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2004  
 Unaudited

**Debt**

At June 30, 2004 the School District had \$4,153,920 in bonds and notes outstanding, \$434,637 due within one year. Table 5 summarizes bonds and notes outstanding:

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

	2004	2003
General Obligation Bonds:		
1998 School Improvement Refunding Bonds 3.95%-5.05%	\$1,514,992	\$1,739,992
1998 School Improvement Bonds 4.75%-5.05%	1,005,000	1,080,000
2003 Classroom Facilities Bonds 2.0%-9.914%	1,511,475	1,563,168
General Obligation Notes:		
2000 Vehicle Acquisition Notes 5.30%	122,453	179,106
Totals	\$4,153,920	\$4,562,266

The School District's overall legal debt margin was \$4,538,773 and the unvoted debt margin of \$86,054 at June 30, 2004.

For more information on debt, refer to note 14 to the basic financial statements.

**Current Financial Issues and Concerns**

Ripley Union Lewis Huntington Local School District is at another crossroads in its history. The new middle school and the new elementary school will open January 2005. The high school remodel should be complete in the summer of 2005. The School District will have state of the art buildings and equipment for its preschool through 12<sup>th</sup> grade programs. The challenge the School District will face is creating an operational budget for the new facilities at a point when the enrollment is declining and the State revenue increases are low or non-existent. We will have 113,455 additional square feet to heat and cool. It is anticipated that the School District will have to increase the services and supplies budget by at least \$355,000, to cover utilities, phone, and janitorial/building services and supplies (based on 2003-2004's cost per square foot). This does not include new staff or new maintenance agreements.

***Ripley Union Lewis Huntington Local School District***  
Management's Discussion and Analysis  
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We are dependent on outside factors for our future success. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional system of school funding, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward School Districts with little property tax wealth. It is widely accepted that schools with low property values are unable to provide students equitable education to those who attend districts with large numbers of taxpayers with high property values. Ohio is over-dependent on property values to fund School Districts. The legislators and government officials continue to negotiate the plan for improvement of the financing of public schools in the State of Ohio. Efforts to alleviate this problem should benefit Ripley Union Lewis Huntington Local School District because our property valuation is very low. While a significant increase from the State would be welcome, our forecasts do not take this possibility into account. We only anticipate a small increase in State revenue each year.

The Ripley Union Lewis Huntington Board of Education and the Administration will be required to plan carefully and prudently to provide the resources to meet student needs over the next several years. Currently, the Board has established a "hiring freeze" to allow the School District time to assess the actual cost to operate the new buildings. The Board and Administration is poised to make decisions necessary to balance the budget. They plan to meet the challenges of the future and to provide the best educational opportunities to its children.

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

This financial report is designed to provide our citizens, taxpayers, and 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 any questions about this report or need additional information, contact Vivian Armour, Treasurer, at Ripley Union Lewis Huntington Local School District, 120 Main Street, Ripley, Ohio 45167.

**Ripley Union Lewis Huntington Local School District**

Statement of Net Assets

June 30, 2004

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$10,648,293
Restricted Cash and Cash Equivalents	86,499
Accrued Interest Receivable	13,149
Accounts Receivable	13,867
Prepaid Items	39,697
Materials and Supplies Inventory	53,684
Intergovernmental Receivable	1,739,275
Taxes Receivable	2,004,768
Investments With Fiscal Agents	641,468
Deferred Charges	11,454
Capital Assets:	
Land and Construction in Progress	16,027,327
Depreciable Capital Assets, Net	8,746,685
<i>Total Assets</i>	<u>40,026,166</u>
<b>Liabilities</b>	
Accounts Payable	25,017
Accrued Wages and Benefits	773,671
Contracts Payable	1,924,750
Intergovernmental Payable	279,851
Vacation Benefits Payable	83,155
Accrued Interest Payable	11,309
Matured Compensated Absences Payable	12,501
Retainage Payable	86,499
Deferred Revenue	1,540,004
Long-Term Liabilities:	
Due Within One Year	484,775
Due in More Than One Year	4,810,953
<i>Total Liabilities</i>	<u>10,032,485</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	19,997,092
Restricted for:	
Capital Projects	8,029,246
Debt Service	826,869
Other Purposes	328,240
Unrestricted	812,234
<i>Total Net Assets</i>	<u><u>\$29,993,681</u></u>

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**  
Statement of Activities  
For the Fiscal Year Ended June 30, 2004

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants Contributions and Interest		
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$4,355,034	\$313,552	\$601,117	\$0	(\$3,440,365)
Special	1,251,446	0	495,892	0	(755,554)
Vocational	528,200	2,994	67,854	0	(457,352)
Support Services:					
Pupils	280,150	0	63,091	0	(217,059)
Instructional Staff	743,077	0	40,516	45,050	(657,511)
Board of Education	156,727	0	0	0	(156,727)
Administration	902,624	0	82,473	0	(820,151)
Fiscal	277,324	0	0	0	(277,324)
Operation and Maintenance of Plant	854,454	1,112	0	0	(853,342)
Pupil Transportation	799,188	8,934	26,517	0	(763,737)
Central	97,964	0	5,149	0	(92,815)
Operation of Non-Instructional Services:					
Food Services	486,417	210,126	287,282	0	10,991
Other	22,299	5,792	8,592	0	(7,915)
Extracurricular Activities	263,401	103,309	11,683	0	(148,409)
Intergovernmental	27,280	0	28,282	0	1,002
Interest and Fiscal Charges	175,245	0	0	0	(175,245)
<b>Total Governmental Activities</b>	<b>\$11,220,830</b>	<b>\$645,819</b>	<b>\$1,718,448</b>	<b>\$45,050</b>	<b>(8,811,513)</b>
General Revenues:					
Property Taxes Levied for:					
General Purposes					1,681,044
Debt Service					458,402
Capital Outlay					35,729
Grants and Entitlements not					
Restricted to Specific Programs					6,785,427
Investment Earnings					132,772
Miscellaneous					18,196
<b>Total General Revenues</b>					<b>9,111,570</b>
Change in Net Assets					300,057
Net Assets Beginning of Year - See Note 3					29,693,624
Net Assets End of Year					<b>\$29,993,681</b>

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**

Balance Sheet  
Governmental Funds  
June 30, 2004

	General Fund	Food Service Fund	Construction Fund	All Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,204,449	\$103,993	\$8,358,974	\$980,877	\$10,648,293
Restricted Cash and Cash Equivalents	0	0	86,499	0	86,499
Materials and Supplies Inventory	33,411	5,630	0	14,643	53,684
Accrued Interest Receivable	2,106	0	11,043	0	13,149
Accounts Receivable	4,567	0	0	9,300	13,867
Interfund Receivable	35,359	0	0	0	35,359
Intergovernmental Receivable	4,715	0	1,542,287	192,273	1,739,275
Prepaid Items	39,006	0	0	691	39,697
Property Taxes Receivable	1,539,633	0	0	465,135	2,004,768
Investments with Fiscal Agents	641,468	0	0	0	641,468
<i>Total Assets</i>	<u>\$3,504,714</u>	<u>\$109,623</u>	<u>\$9,998,803</u>	<u>\$1,662,919</u>	<u>\$15,276,059</u>
<b>Liabilities</b>					
Accounts Payable	\$15,496	\$0	\$0	\$9,521	\$25,017
Accrued Wages and Benefits	668,399	19,720	0	85,552	773,671
Contracts Payable	0	0	1,924,750	0	1,924,750
Intergovernmental Payable	164,069	3,179	0	12,952	180,200
Matured Compensated Absences Payable	12,501	0	0	0	12,501
Vacation Benefits Payable	83,155	0	0	0	83,155
Retainage Payable	0	0	86,499	0	86,499
Interfund Payable	0	0	0	35,359	35,359
Deferred Revenue	1,284,299	0	1,552,622	511,178	3,348,099
<i>Total Liabilities</i>	<u>2,227,919</u>	<u>22,899</u>	<u>3,563,871</u>	<u>654,562</u>	<u>6,469,251</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	784,146	0	8,762,928	11,319	9,558,393
Reserved for Property Taxes	223,011	0	0	69,245	292,256
Reserved for Capital Improvements	641,468	0	0	0	641,468
Unreserved:					
Undesignated, Reported in:					
General Fund (Deficit)	(371,830)	0	0	0	(371,830)
Special Revenue Funds	0	86,724	0	139,540	226,264
Debt Service Fund	0	0	0	746,561	746,561
Capital Projects Funds (Deficit)	0	0	(2,327,996)	41,692	(2,286,304)
<i>Total Fund Balances</i>	<u>1,276,795</u>	<u>86,724</u>	<u>6,434,932</u>	<u>1,008,357</u>	<u>8,806,808</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$3,504,714</u>	<u>\$109,623</u>	<u>\$9,998,803</u>	<u>\$1,662,919</u>	<u>\$15,276,059</u>

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2004

**Total Governmental Fund Balances** \$8,806,808

***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	289,313	
Construction in Progress	15,738,014	
Other Capital Assets	16,006,722	
Accumulated depreciation	(7,260,037)	
Total captital assets	24,774,012	24,774,012

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. Deferred revenues changed by these amounts:

Delinquent property taxes	126,756	
Intergovernmental	1,656,223	
Interest	11,069	
Tuition and fees	14,047	
	1,808,095	1,808,095

Bond issuance costs reported as an expenditure in goveremntal funds are allocated as an expense over the life of the debt on a full accrual basis. 11,454

Intergovernmental payable includes contractually required pension contributions not expected to be paid with expendable available financial resources and therefore are not reported in the funds. (99,651)

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

Bonds and Notes Payable	(4,139,445)	
Accretion on bonds	(14,475)	
Accrued interest on bonds	(11,309)	
Capital leases	(623,000)	
Compensated absences	(518,808)	
	(5,307,037)	(5,307,037)

**Net Assets of Governmental Activities** \$29,993,681

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2004**

	General Fund	Food Service Fund	Construction Fund	All Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$1,652,601	\$0	\$0	\$485,377	\$2,137,978
Intergovernmental	7,196,068	287,282	12,717,728	1,025,350	21,226,428
Interest	54,792	956	79,084	35	134,867
Tuition and Fees	252,301	0	0	15,042	267,343
Rent	6,904	0	0	0	6,904
Extracurricular Activities	0	0	0	103,309	103,309
Gifts and Donations	38,786	0	0	2,749	41,535
Customer Sales and Services	0	210,126	0	0	210,126
Miscellaneous	27,115	0	0	31,429	58,544
<i>Total Revenues</i>	<u>9,228,567</u>	<u>498,364</u>	<u>12,796,812</u>	<u>1,663,291</u>	<u>24,187,034</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	3,820,292	0	0	286,384	4,106,676
Special	770,863	0	0	413,546	1,184,409
Vocational	484,957	0	0	18,805	503,762
Support Services:					
Pupils	250,055	0	0	7,318	257,373
Instructional Staff	609,734	0	0	117,456	727,190
Board of Education	157,036	0	0	0	157,036
Administration	802,359	0	0	83,037	885,396
Fiscal	257,571	0	0	16,314	273,885
Operation and Maintenance of Plant	877,294	0	0	600	877,894
Pupil Transportation	706,572	0	0	7,650	714,222
Central	93,459	0	0	5,149	98,608
Operation of Non-Instructional Services:					
Food Services	0	466,271	0	0	466,271
Other	564	0	0	27,735	28,299
Extracurricular Activities	113,857	0	0	82,033	195,890
Capital Outlay	0	0	13,505,450	0	13,505,450
Intergovernmental	0	0	0	27,160	27,160
Debt Service:					
Principal Retirement	19,000	0	0	416,653	435,653
Interest and Fiscal Charges	36,220	0	0	143,762	179,982
<i>Total Expenditures</i>	<u>8,999,833</u>	<u>466,271</u>	<u>13,505,450</u>	<u>1,653,602</u>	<u>24,625,156</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>228,734</u>	<u>32,093</u>	<u>(708,638)</u>	<u>9,689</u>	<u>(438,122)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	66,145	66,145
Proceeds from Capital Lease	642,000	0	0	0	642,000
Transfers Out	(66,145)	0	0	0	(66,145)
<i>Total Other Financing Sources (Uses)</i>	<u>575,855</u>	<u>0</u>	<u>0</u>	<u>66,145</u>	<u>642,000</u>
<i>Net Change in Fund Balances</i>	804,589	32,093	(708,638)	75,834	203,878
<i>Fund Balance at Beginning of Year - Restated (Note 3)</i>	472,206	54,631	7,143,570	932,523	8,602,930
<i>Fund Balance at End of Year</i>	<u>\$1,276,795</u>	<u>\$86,724</u>	<u>\$6,434,932</u>	<u>\$1,008,357</u>	<u>\$8,806,808</u>

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**  
 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of  
 Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2004

**Net Change in Fund Balances - Total Governmental Funds** \$203,878

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

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

Capital asset additions	13,557,182	
Depreciation expense	(568,016)	
Excess of capital outlay under depreciation expense	12,989,166	12,989,166

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 asset 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	(5,600)
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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	37,197	
Intergovernmental	(12,711,666)	
Interest	(2,095)	
Tuition and Fees	10,417	
	(12,666,147)	(12,666,147)

Governmental funds report bond issuance costs as expenditures, whereas this amount is deferred and amortized in the statement of activities.

Issuance Costs	12,000	
Current year amortization of issuance costs	(546)	
	11,454	11,454

Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets the lease obligation is reported as a liability. (642,000)

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 year, this amount consisted of:

Bond and Note Payments	416,653	
Capital lease payments	19,000	
Total long-term debt repayment	435,653	435,653

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 compensated absences payable	(16,743)	
Decrease in accrued interest payable	1,590	
Increase in intergovernmental payable	(2,887)	
Accretion on bonds	(8,307)	
Total (increase)/decrease	(26,347)	(26,347)

**Change in Net Assets of Governmental Activities** \$300,057

See accompanying notes to the basic financial statements



**Ripley Union Lewis Huntington 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, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
<b>Revenues</b>				
Property and Other Local Taxes	\$1,495,639	\$1,619,376	\$1,619,376	\$0
Intergovernmental	7,851,240	7,194,607	7,194,607	0
Interest	58,198	53,331	53,276	(55)
Tuition and Fees	275,328	252,301	252,301	0
Rent	7,534	6,904	6,904	0
Gifts and Donations	42,326	38,786	38,786	0
Miscellaneous	13,035	11,945	13,700	1,755
<i>Total Revenues</i>	<u>9,743,300</u>	<u>9,177,250</u>	<u>9,178,950</u>	<u>1,700</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	3,789,828	3,801,165	3,801,165	0
Special	753,008	755,261	755,261	0
Vocational	486,985	488,442	488,442	0
Support Services:				
Pupils	247,093	247,832	247,832	0
Instructional Staff	599,979	601,774	601,774	0
Board of Education	169,139	169,645	169,645	0
Administration	768,098	770,396	770,396	0
Fiscal	246,830	247,568	247,568	0
Operation and Maintenance of Plant	877,687	880,312	880,312	0
Pupil Transportation	733,687	735,882	735,882	0
Central	92,504	92,781	92,781	0
Operation of Non-Instructional Services:				
Food Services	459	460	460	0
Other	104	104	104	0
Extracurricular Activities	117,072	117,422	117,422	0
Capital Outlay	719,321	721,473	721,473	0
Debt Service:				
Principal	19,000	19,000	19,000	0
Interest and fiscal charges	24,220	36,220	36,220	0
<i>Total Expenditures</i>	<u>9,645,015</u>	<u>9,685,737</u>	<u>9,685,737</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>98,285</u>	<u>(508,487)</u>	<u>(506,787)</u>	<u>1,700</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	450	0	0	0
Refund of Prior Year Expenditures	8,996	11,262	11,262	0
Advances In	180,821	175,285	175,285	0
Proceeds from Capital Lease	0	642,000	642,000	0
Transfers Out	(46,216)	(66,145)	(66,145)	0
Advances Out	(260,620)	(136,845)	(136,845)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(116,569)</u>	<u>625,557</u>	<u>625,557</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(18,284)	117,070	118,770	1,700
<i>Fund Balance Beginning of Year</i>	870,024	870,024	870,024	0
<i>Prior Year Encumbrances Appropriated</i>	56,340	56,340	56,340	0
<i>Fund Balance End of Year</i>	<u>\$908,080</u>	<u>\$1,043,434</u>	<u>\$1,045,134</u>	<u>\$1,700</u>

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**  
Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Food Service Fund  
For the Fiscal Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
<b>Revenues</b>				
Intergovernmental	\$251,897	\$277,351	\$277,351	\$0
Customer Sales and Services	190,914	210,206	210,206	0
Miscellaneous	868	956	956	0
<i>Total Revenues</i>	<u>443,679</u>	<u>488,513</u>	<u>488,513</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Operation of Non-Instructional Services:				
Food Services	414,889	419,974	419,974	0
<i>Excess of Revenues Over Expenditures</i>	<u>28,790</u>	<u>68,539</u>	<u>68,539</u>	<u>0</u>
<b>Other Financing Uses</b>				
Advances-Out	(40,000)	0	0	0
<i>Net Change in Fund Balance</i>	(11,210)	68,539	68,539	0
<i>Fund Balance Beginning of Year</i>	35,389	35,389	35,389	0
<i>Prior Year Encumbrances Appropriated</i>	<u>65</u>	<u>65</u>	<u>65</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$24,244</u></u>	<u><u>\$103,993</u></u>	<u><u>\$103,993</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**  
Statement of Fiduciary Assets and Liabilities  
Fiduciary Fund  
June 30, 2004

	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$47,662</u>
<b>Liabilities</b>	
Undistributed Monies	<u>\$47,662</u>

See accompanying notes to the basic financial statements

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

In 1817, the first school was built in Ripley, Ohio while the village was still a part of Clermont County. In 1915, Union Township merged with the village school, and a new building was erected. In 1932, a new high school was built on the site of the former Ripley fairgrounds. Following a State order, and the failure of Tate Township to renew the Higginsport High School charter, the Lewis Township district merged with Ripley-Union in 1956.

With the new growth, 1958 through 1961 saw the addition of classrooms at the high school and improvements to both elementary buildings. However, the School District was small. In 1961, only 800 students were enrolled in the School District.

Due to a successful territorial transfer in 1989 from the Ohio Valley/Adams County Board of Education to the Ripley Union Lewis Local School District, Aberdeen in Huntington Township became a part of the School District. With the addition of 325 students, the Aberdeen Elementary was reopened and the new Ripley Union Lewis Huntington Local School District (the "School District") began to grow.

In 1990, the School District passed a school bond issue by 62 percent, and assumed a 6.5 mill tax to build a state of the art junior/senior high school. This new building opened in January of 1994, and houses grades 7 – 12. The \$8 million facility includes a 2,000 seat gymnasium, a local area network for computers throughout the building, and many new programs. The School District has experienced tremendous growth. With the new bridge linking Maysville, Kentucky to Aberdeen, Ohio and points north, the route south through Lexington is easily accessible. Land development, economic expansion and State interest in this area have promoted development and a dynamic future for schools.

In 1994, the old high school received a \$2 million remodeling grant to become a new progressive K-6 complex. The old Ripley and Aberdeen elementary buildings were closed. The old high school building was renovated to become the new elementary building, which opened in 1995. The Early Childhood Resource Center was added to the renovated Elementary building in 1997.

On October 5, 1999, the School District submitted an application to the Ohio School Facilities Commission based on a ten-year eligibility list. Two years later the School District passed a 1.45 mill bond issue to provide a match and maintenance (.5 mill) for a new grade 5 through 8 middle school, to be located in Aberdeen. Significant upgrades of the heating, ventilating and air conditioning systems in the existing Jr./Sr. high school and preschool-6 elementary school were included in the \$22,000,000 project. The Ohio School Facilities Commission agreed to pay 93 percent of the funding of the project, with the School District providing a 7 percent local match.

On September 1, 2002 the School District issued \$1,557,000 in School Improvement Bonds as a result of the School District being approved for a \$22,245,074 school classroom facilities grant. The School District issued the general obligation bonds to meet the matching requirement for the school facilities grant. As a requirement of the grant, the voters in the School District passed a levy on November 6, 2001, for the issuance of the general obligation bonds. The 1.45 mill levy will be used for the retirement of the bonds, which will be in effect for twenty-three years.

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

*(continued)*

Groundbreaking for the construction projects took place on May 5, 2003. Grades pre-K through 4 will be housed at the new elementary school in Ripley. Grades 5 through 8 will be housed at the new middle school in Aberdeen. Finally, Grades 9 through 12 will be housed at the remodeled high school in Ripley. The completion date of December, 2004 for all major work will allow use of the buildings beginning January, 2005. Finish work and demolition of the old school building (former elementary building) will be ongoing through the summer of 2005.

Ripley Union Lewis Huntington Local 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 serves an area of 91 square miles. It is located in Brown County, including all of the Villages of Ripley, Aberdeen and Higginsport, and portions of surrounding townships. The Board of Education controls the School District's two instructional support facilities staffed by 60 non-certificated and 98 teaching personnel and 12 administrative employees providing education to 1,399 students.

**Reporting Entity**

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

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

*(continued)*

The following activities are included within the reporting entity:

*Parochial School* - Within the School District boundaries, St. Michael's (operated through the Cincinnati Catholic Diocese), operates as a private school. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This financial activity is reflected in a special revenue fund for financial reporting purposes.

The School District participates in four organizations, two of which are defined as jointly governed organizations, one as a public entity shared risk and insurance purchasing pool and one as an insurance purchasing pool. These organizations are the South Central Ohio Computer Association (SCOCA), the Hopewell Special Education Regional Resource Center (Hopewell), the Brown County Schools Benefits Consortium, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17, 18 and 19 to the basic financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the 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 after 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 - Fund Accounting**

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.

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

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 the fiduciary fund. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business-type activities.

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 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 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 on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The funds of the School District fall within two categories: governmental and fiduciary.

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

*Governmental Funds:*

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

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

*Food Service Fund* – The Food Service Fund is a special revenue fund used to account for all revenue and expenditures associated with the school breakfast and school lunch programs.

*Construction Fund* – The Construction Fund is a capital projects fund used to account for all intergovernmental monies, debt proceeds and interest received and expended in connection with the contracts entered into by the School District and the Ohio School Facilities Commission for the building and equipping of new classroom facilities.

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

*Fiduciary Funds:*

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



***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

**C. Measurement Focus**

*Government-wide Financial Statements:*

The government-wide 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 on 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**

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 funds 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.

*Revenues - Exchange and Nonexchange 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 will be 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.

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

Nonexchange 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 income taxes is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange 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, customer sales, student fees, grants and accrued interest.

*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, 2004, but which were levied to finance fiscal year 2005 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:*

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

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

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Cash received through the lease-purchase agreements is held in separate bank accounts by National City Bank. The balance in these accounts is presented on the financial statements as "Investments with Fiscal Agents" and represents investments.

During fiscal year 2004, the School District's investments consisted of an investment with Armada Government Money Market Mutual Fund, Bayerische Hypo Und Verinsbank Money Market Mutual Funds, and the State Treasury Assets Reserve of Ohio (STAROhio). Other than STAROhio, investments are reported at fair value which is based on current share prices for mutual funds and quoted market prices for other investments. 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, 2004.

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 2004 amounted to \$54,792 which includes \$46,220 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are reported as cash and cash equivalents.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2004, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

**G. Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventory consists of expendable supplies held for consumption and donated and purchased food held for resale.

**H. Capital Assets**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets 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) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand 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 and construction in progress, 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>
Buildings and Improvements	5 - 75 years
Furniture and Equipment	4 - 20 years
Vehicles	3 - 25 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables." These amounts are eliminated in the governmental activities columns of the statement of net assets.

**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 liability for vacation benefits is recorded as "Vacation Benefits Payable", rather than long-term liabilities, as the balances are to be used by employees in the fiscal year following the fiscal year earned.

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees after ten years of current service with the School District.

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

**K. 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 contractually required pension contributions 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 during the current year. Bonds, notes and capital leases that will be paid from governmental funds are recognized as an expenditure and a liability on the governmental fund financial statements when due.

**L. Interfund Transactions**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements.

**M. Issuance Costs/Compounded Interest on Capital Appreciation Bonds**

Issuance costs are deferred and amortized over the term of the capital lease using the straight line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each year for the compounded interest accrued during the year. Compounded interest on the capital appreciation bonds are presented as an addition of the face amount of the bonds payable whereas issuance costs are recorded as deferred charges.

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

**N. Fund Balance Reserves**

The School District reserves those portions of fund balance 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 balance reserves have been established for encumbrances, property taxes and capital improvements.

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 2004. The reserve for capital improvements represents amounts which may only be expended for the school building and renovation capital improvement projects.

**O. 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 the 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 activities for food service operations, music and athletic programs, and federal and State grants restricted to expenditure 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.

**P. Estimates**

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

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

**Q. 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 set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

The certificate of estimated resources may be amended during the 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 the final column of the budgetary statements reflect the amounts in the amended certificate in effect at the time the appropriations were passed.

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

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES**

**A. Changes in Accounting Principles**

For fiscal year 2003, the School District has implemented *GASB Statement No. 34*, “*Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments*”, *GASB Statement No. 37*, “*Basic Financial Statements for State and Local Governments: Omnibus*”, *GASB Statement No. 38*, “*Certain Financial Statement Note Disclosures*”, *GASB Statement No. 39*, “*Determining Whether Certain Organizations are Component Units*”, *GASB Statement No. 41*, “*Budgetary Comparison Schedules - Perspective Differences*”, and *GASB Interpretation No. 6* “*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.*”

*GASB Statement No. 34* creates new basic financial statements for reporting on the School District’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements combine the governmental activities into one column.

*GASB Statement No. 37* clarifies certain provisions of *GASB Statement No. 34*, including the required content of the Management’s Discussion and Analysis, the classification of program revenues, and the criteria for determining major funds.

*GASB Statement No. 38* modifies, establishes and rescinds certain financial statement note disclosure.

*GASB Statement No. 39* further defines the guidelines of *GASB Statement No. 14*, “*The Financial Reporting Entity.*” The implementation of this statement had no effect on the presentation of the budgetary statement by the School District for fiscal year 2004.

*GASB Statement No. 41* only applies when there are significant perspective differences that prevent an entity from associating the estimated revenues and appropriations from its legally adopted budget to the major revenue sources and functional expenditures that are reported in the general and major special revenue funds.

*GASB Interpretation No. 6* clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.



**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES** (continued)

**B. Restatement of Fund Balances**

The restatements for GASB *Statement No. 34* and *GASB Interpretation No. 6* had the following effects on fund balance of the major and nonmajor funds of the School District as they were previously reported.

	General	Food Service	Construction	Nonmajor	Total
Fund Balances, June 30, 2003	\$455,821	\$0	\$7,143,570	\$914,772	\$8,514,163
Interpretation No. 6 Adjustments	16,385	0	0	0	16,385
Fund Reclassifications	0	54,631	0	17,751	72,382
Adjusted Fund Balance, June 30, 2003	<u>\$472,206</u>	<u>\$54,631</u>	<u>\$7,143,570</u>	<u>\$932,523</u>	8,602,930
GASB No. 34 Adjustments:					
Deferred Assets:					
Intergovernmental Receivables					14,367,889
Delinquent Property Taxes					89,559
Interest Receivable					13,164
Accounts Receivable					3,630
Capital Assets					11,790,446
Intergovernmental Payable					(96,764)
Accrued Interest Payable					(12,899)
Long-Term Liabilities:					
Bonds Payable					(4,376,992)
Accretion on Bonds					(6,168)
Notes Payable					(179,106)
Compensated Absences					<u>(502,065)</u>
Governmental Activities Net					
Assets, June 30, 2003					<u>\$29,693,624</u>

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balance 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 and Food Service Major Special Revenue 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. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statements.
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 and the Food Service Major Special Revenue Fund.

	General	Food Service
	<u>Fund</u>	<u>Fund</u>
GAAP Basis	\$804,589	\$32,093
Adjustments:		
Revenue Accruals	(37,212)	(9,851)
Expenditure Accruals	113,736	46,297
Encumbrances	(799,640)	0
Unrecorded Cash	(1,143)	0
Advances	38,440	0
Budget Basis	<u>\$118,770</u>	<u>\$68,539</u>

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

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

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

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

*Deposits:* At fiscal year-end, the carrying amount of the School District's deposits was \$3,054,026 and the bank balance was \$3,603,458. Of the bank balance:

1. \$400,000 was covered by federal depository insurance; and
2. \$3,203,458 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

	<u>Fair Value</u>
Armada Government Money Market Mutual Fund	\$11,468
Bayerische Hypo Und Verinsbank Investment	
Money Market Mutual Funds	630,000
STAROhio	<u>7,728,428</u>
Total	<u><u>\$8,369,896</u></u>

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

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

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$10,782,454	\$641,468
Investments:		
STAR Ohio	(7,728,428)	7,728,428
GASB Statement No. 3	<u>\$3,054,026</u>	<u>\$8,369,896</u>

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar year 2004 represents collections of calendar year 2003 taxes. Real property taxes received in calendar year 2004 were levied after April 1, 2003, on the assessed value listed as of January 1, 2003, 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 2004 represents collections of calendar year 2003 taxes. Public utility real and tangible personal property taxes received in calendar year 2004 became a lien December 31, 2002, were levied after April 1, 2003 and are collected in 2004 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.

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

Tangible personal property tax revenue received during calendar year 2004 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2004 were levied after April 1, 2003, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. 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 Brown County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2004, are available to finance fiscal year 2004 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, 2004 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. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations.

The amount available as an advance at June 30, 2004, was \$223,011 in the General Fund, \$4,864 in the Classroom Facilities Special Revenue Fund, and \$64,381 in the Bond Retirement Debt Service Fund. The amount available as an advance at June 30, 2003, was \$196,593 in the General Fund, \$4,754 in the Classroom Facilities Special Revenue Fund, and \$56,572 in the Bond Retirement Debt Service Fund.

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 is deferred.

The assessed values upon which the fiscal year 2004 taxes were collected are:

	2003 Second- Half Collections		2004 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$68,780,830	87.98%	\$77,628,420	90.21%
Public Utility Personal	5,418,600	6.93%	5,419,200	6.30%
Tangible Personal Property	3,977,194	5.09%	3,005,965	3.49%
Total	<u>\$78,176,624</u>	<u>100.00%</u>	<u>\$86,053,585</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$36.35		\$36.35	

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2004, consisted of property taxes, accounts, interfund, interest and intergovernmental grants. All receivables are considered collectible in full and will be received in one year due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Governmental Activities:	
School Facilities Project Grant	\$1,542,287
School Foundation Adjustments	1,207
U.S. Marines ROTC Reimbursements	3,508
Ohio FFA BOAC Grant	400
Student Intervention Grant	2,929
Title VI Idea Part-B Grant	30,614
Title I Targeted Assistance Grant	99,267
Title II-A Class Size Reduction Grant	49,924
Title II-D Technology Grant	9,139
Total Intergovernmental Receivables	<u><u>\$1,739,275</u></u>



**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2004, was as follows:

	Restated Balance 6/30/03	Additions	Deductions	Balance 6/30/04
<b><u>Governmental Activities</u></b>				
<i>Capital Assets, Not being Depreciated</i>				
Land	\$289,313	\$0	\$0	\$289,313
Construction in Progress	2,232,564	13,505,450	0	15,738,014
Total Capital Assets, Not Being Depreciated	<u>2,521,877</u>	<u>13,505,450</u>	<u>0</u>	<u>16,027,327</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	12,938,730	6,000	0	12,944,730
Furniture and Equipment	1,770,834	32,732	(3,000)	1,800,566
Vehicles	1,253,426	13,000	(5,000)	1,261,426
Total Capital Assets, Being Depreciated	<u>15,962,990</u>	<u>51,732</u>	<u>(8,000)</u>	<u>16,006,722</u>
<i>Less Accumulated Depreciation:</i>				
Buildings and Improvements	(4,219,741)	(445,051)	0	(4,664,792)
Furniture and Equipment	(1,619,513)	(39,181)	150	(1,658,544)
Vehicles	(855,167)	(83,784)	2,250	(936,701)
Total Accumulated Depreciation	<u>(6,694,421)</u>	<u>(568,016) *</u>	<u>2,400</u>	<u>(7,260,037)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,268,569</u>	<u>(516,284)</u>	<u>(5,600)</u>	<u>8,746,685</u>
Governmental Activities Capital Assets, Net	<u>\$11,790,446</u>	<u>\$12,989,166</u>	<u>(\$5,600)</u>	<u>\$24,774,012</u>

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

Instruction:	
Regular	\$243,044
Special	56,364
Vocational	23,291
Support Services:	
Pupils	17,373
Instructional Staff	31,800
Administration	15,629
Fiscal	3,245
Operation and Maintenance of Plant	2,786
Pupil Transportation	83,454
Food Service Operations	23,519
Extracurricular Activities	67,511
Total Depreciation Expense	<u>\$568,016</u>

*Ripley Union Lewis Huntington Local School District*

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 9 - RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Effective In 2004, the School District contracted with Indiana Insurance Company for property and building blanket group insurance coverage. Professional liability is protected by the Indiana Insurance Company with a \$4,000,000 aggregate limit under a commercial umbrella policy.

The School District's vehicles are covered by the Auto Owners Insurance Company and hold a \$100 deductible for comprehensive and a \$500 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Vehicles are also covered under the commercial umbrella policy. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

**B. Workers' Compensation**

For fiscal year 2004, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the GRP.

**C. Employee Medical Benefits**

The School District participates in the Brown County Schools Benefits Consortium (the Consortium), a public entity shared risk and insurance purchasing pool (Note 18) consisting of six districts. The School District has elected to have Medical Mutual provide medical coverage and the dental coverage is being provided through a shared risk pool based on member districts' number of employees. The School District is responsible for providing a current listing of enrolled employees and for providing timely pro-rata payments of premiums to the Consortium for employee health coverage and dental benefits. The Consortium is responsible for the management and operation of the program. Upon termination from the Consortium, for any reason, the terminated member shall assume and be responsible for the payment of any delinquent contributions relating to the medical insurance and all dental claims related to its employees from the date of termination, regardless of the date such claims were incurred.

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 10 - PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current 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 2004, 9.09 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2004, 2003 and 2002 were \$158,285, \$135,442, and \$94,214 respectively; 53.2 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2003 and 2002.

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

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

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2004, 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 2003, the portion used to fund pension obligations was 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 the DB Plan for the fiscal years ended June 30, 2004, 2003, and 2002 were \$608,411, \$636,943, and \$412,003 respectively; 83.03 percent has been contributed for fiscal year 2004 and 100 percent for fiscal years 2003 and 2002. Contributions to the DC and Combined Plans for fiscal year 2004 were \$3,756 made by the School District and \$10,507 made by the plan members.

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 11 - POSTEMPLOYMENT BENEFITS**

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

All retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year-ended June 30, 2004, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$46,801 for fiscal year 2004.

STRS Ohio pays health care benefits from the Health Care Reserve Fund. At June 30, 2004, the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000 and STRS Ohio had 111,853 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year-ended June 30, 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2004, the minimum pay was established at \$25,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2004 fiscal year equaled \$109,137.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year-ended June 30, 2004, were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 12 - EMPLOYEE BENEFITS**

**A. 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. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified 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 200 days for teachers and administrators, and 190 days for classified personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 50 days for teachers and administrators, and a maximum of 45 days for classified employees.

**B. Insurance and Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through various life insurance companies. Dental insurance through CoreSource, Inc. is not provided by the School District, but is available to all employees through payroll deduction.

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In fiscal year 2004, the School District entered into a lease-purchase agreement for the construction of the finish work on the new elementary school, middle school and renovations to the high school. The School District is leasing the project from Columbus Regional Airport Authority (formerly Rickenbacker Port Authority). Columbus Regional Airport Authority will retain title to the project during the lease term. Columbus Regional Airport Authority has assigned National City Bank as trustee. National City Bank deposited \$642,000 in the School District's name with a fiscal agent for the construction of the building. Amounts will be paid to contractors by the School District as the work progresses. The School District will then submit the invoices to the agent for reimbursement. The School District will make semi-annual lease payments to U.S. Bank. Interest rates are based on a calculation of the TBMA Index. The lease is renewable annually and expires in 2023. The intention of the School District is to renew the lease annually.

At fiscal year-end, the project was still in progress. The School District made the first scheduled principal payment of \$19,000 in Fiscal 2004. The principal amount owed on the lease at June 30, 2004 is \$623,000.

At year-end, no capital assets under this lease have been capitalized.

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE** *(continued)*

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2004.

Fiscal Year Ending June 30,	Total Payments
2005	\$52,122
2006	51,523
2007	51,778
2008	51,919
2009	51,947
2010-2014	258,421
2015-2019	254,591
2020-2023	199,587
Total	971,888
Less: Amount Representing Interest	(348,888)
Present Value of Minimum Lease Payments	<u>\$623,000</u>

**NOTE 14- LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2004 were as follows:

	Restated Amount Outstanding 6/30/03	Additions	Deductions	Amount Outstanding 6/30/04	Amounts Due in One Year
<i>Governmental Activities</i>					
School Improvement Refunding Bonds					
2/12/1998 3.95% - 5.05%	\$1,739,992	\$0	\$225,000	\$1,514,992	\$235,000
School Improvement Bonds					
7/1/1998 4.75% - 5.05%	1,080,000	0	75,000	1,005,000	80,000
2003 Classroom Facilities:					
Serial Bonds 2.0% to 3.9%	735,000	0	60,000	675,000	60,000
Term Bonds 4.6% to 4.9%	755,000	0	0	755,000	0
Capital Appreciation Bonds 9.914%	67,000	0	0	67,000	0
Accretion on Capital Appreciation Bonds	6,168	8,307	0	14,475	0
Total General Obligation Bonds	4,383,160	8,307	360,000	4,031,467	375,000
Vehicle Acquisition Notes					
12/1/2000 5.30%	179,106	0	56,653	122,453	59,637
Capital Lease Payable	0	642,000	19,000	623,000	23,000
Compensated Absences	502,065	42,534	25,791	518,808	27,138
Total Governmental Long-Term Obligations	<u>\$5,064,331</u>	<u>\$692,841</u>	<u>\$461,444</u>	<u>\$5,295,728</u>	<u>\$484,775</u>

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 14 - LONG-TERM OBLIGATIONS** (continued)

***General Obligation Debt for School Improvement Refunding Bonds***

In January, 1991, the School District issued \$3,188,000 in School Improvement Bonds for the construction of a new high school building and renovation of the existing high school building to be used as the elementary school. The bonds were issued for a twenty-three year period with final maturity in December 2014. The bonds will be paid from the Bond Retirement Fund.

On February 12, 1998, the School District issued \$2,749,992 in School Improvement Refunding Bonds to defease the 1991 general obligation bonds by entering into an escrow agreement with Star Bank (Note 15). The bonds were issued for a seventeen year period with final maturity on December 1, 2014. The principal and interest will be paid from the Bond Retirement Fund.

***General Obligation Debt for School Improvement Bonds***

On July 1, 1998, the School District issued \$1,300,000 in general obligation bonds for the purpose of improving, remodeling, renovating and making additions to school facilities. The bonds were issued for a fifteen year period with final maturity on December 1, 2013. The principal and interest will be paid from the Bond Retirement Fund.

***General Obligation Debt for 2003 Classroom Facilities Bonds***

On September 1, 2002, the School District issued \$1,557,000 in voted general obligation bonds for the purpose of constructing new classroom facilities. The bonds were issued for a twenty-three year period with final maturity in December 2025. The bonds will be retired from the Bond Retirement Fund.

The term bonds, issued at \$755,000, maturing on December 1, 2020 and December 1, 2024, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

Fiscal Year <u>Ending June 30,</u>	<u>Amount</u>
2018	\$80,000
2019	85,000
2020	90,000
2021	90,000
2022	95,000
2023	100,000
2024	105,000
2025	<u>110,000</u>
Total	<u><u>\$755,000</u></u>



**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 14 - LONG-TERM OBLIGATIONS** (continued)

The serial bonds, issued at \$735,000 with maturity dates of December 1, 2003 to December 1, 2013, are subject to optional redemption in whole or in part on any date at the option of the Issuer on or after December 1, 2012.

The capital appreciation bonds, issued at \$67,000, are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2014 through 2016. The maturity amounts of the capital appreciation bonds are \$80,000 in fiscal years 2014 through 2016. For fiscal year 2004, the capital appreciation bonds were accreted \$8,307.

The total outstanding bond value at fiscal year-end was \$1,511,475. The total bond value at final maturity will be \$1,730,000.

***General Obligation Debt for Vehicle Acquisition Notes***

On December 1, 2000, the School District issued \$284,000 in unvoted general obligation debt for the purpose of acquiring school buses and other equipment used in transporting pupils. The notes were issued for a five year period with final maturity on December 1, 2005. The principal and interest will be paid from the Bond Retirement Fund.

The School District's overall legal debt margin was \$4,538,773 with an unvoted debt margin of \$86,054 at June 30, 2004.

All general obligation debt is supported by the full faith and credit of the School District.

Compensated absences will be paid from the General, Auxiliary Services, Title VI-B, Title I, Title II, and the Food Service Funds.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2004, are as follows:

**School Improvement Bonds**

Fiscal year Ending June 30,	Principal	Interest	Total
2005	\$315,000	\$63,585	\$378,585
2006	330,000	49,498	379,498
2007	232,901	142,076	374,977
2008	231,095	144,257	375,352
2009	229,487	145,990	375,477
2010-2014	1,094,159	744,420	1,838,579
2015-2019	87,350	147,651	235,001
Total	<u>\$2,519,992</u>	<u>\$1,437,477</u>	<u>\$3,957,469</u>

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

**NOTE 14 - LONG-TERM OBLIGATIONS** (continued)

Classroom Facilities Bonds

Fiscal year Ending June 30,	Serial Bonds Principal	Serial Bonds Interest	Term Bonds Principal	Term Bonds Interest	Capital Appreciation Principal	Capital Appreciation Interest	Total
2005	\$60,000	\$56,385	\$0	\$0	\$0	\$0	\$116,385
2006	60,000	55,170	0	0	0	0	115,170
2007	60,000	53,820	0	0	0	0	113,820
2008	65,000	52,191	0	0	0	0	117,191
2009	65,000	50,306	0	0	0	0	115,306
2010-2014	365,000	215,173	0	0	0	0	580,173
2015-2019	0	0	165,000	64,445	67,000	280,880	577,325
2020-2024	0	0	480,000	87,170	0	0	567,170
2025	0	0	110,000	2,695	0	0	112,695
<b>Total</b>	<b>\$675,000</b>	<b>\$483,045</b>	<b>\$755,000</b>	<b>\$154,310</b>	<b>\$67,000</b>	<b>\$280,880</b>	<b>\$2,415,235</b>

Vehicle Acquisition Notes

Fiscal Year Ending June 30,	Principal	Interest	Total
2005	\$59,637	\$6,508	\$66,145
2006	62,816	3,329	66,145
<b>Total</b>	<b>\$122,453</b>	<b>\$9,837</b>	<b>\$132,290</b>

**NOTE 15 - LESSOR DISCLOSURE - OPERATING LEASE**

In 1997, the School District entered into a 15 year operating lease between the School District and the Brown County Board of Mental Retardation and Developmental Disabilities (BMRDD), for an early childhood center. The valuation at the time of the donation by BMRDD was \$794,027 and this amount has been included in the assets of the School District. In consideration of BMRDD's funding of the project, the School District receives \$1.00 per year as a lease payment. If the School District terminates the lease, the School District would be required to reimburse BMRDD for a prorated amount of the funding which was provided by BMRDD for construction of the addition over the remainder of the unused lease term as agreed to by the leasing parties. The School District also agrees to insure the building addition against loss by fire or other casualty.

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 16 – INTERFUND ACITVITY**

**A. Interfund Transfers**

Transfers made during the year ended June 30, 2004, were as follows:

	<u>Transfer From General</u>
<b>Transfer To</b>	
All Other Nonmajor Governmental Funds	<u>\$66,145</u>

Transfers were made to make annual loan debt service payments and to move unrestricted balances to support programs and projects accounted for in other funds.

**B. Interfund Receivables/Payables**

As of June 30, 2004, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Receivable General</u>
<b>Payable</b>	
All Other Nonmajor Governmental Funds	<u>\$35,359</u>

The amounts due to the General Fund are the result of the School District moving unrestricted balances to support programs and projects accounted for in other funds. The General Fund will be reimbursed when funds become available in the special revenue funds.

*Ripley Union Lewis Huntington Local School District*

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

**A. South Central Ohio Computer Association (SCOCA)**

The School District is a participant in the South Central Ohio Computer Association (SCOCA), which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, Lawrence, Pickaway, and Gallia Counties. 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 school districts. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$49,965 for services provided during the fiscal year. Financial information can be obtained from the fiscal agent, the Pike County Joint Vocational School District, P.O. Box 577, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

**B. Hopewell Special Education Regional Resource Center (Hopewell)**

The Hopewell Special Education Regional Resource Center (Hopewell) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school districts to offer direct and related services to low incidence handicapped students of the region. Seventeen local, city, and exempted village school districts receive services from Hopewell. Hopewell is operated under regulations and policies established by the Ohio Department of Education, and its own governing board. The governing board is made up of superintendents from the seventeen school districts, plus a representative from the Clinton-Fayette-Highland Educational Service District, a representative from the board of mental retardation and developmental disabilities, two joint vocational school superintendents and five parents of handicapped children living in the region. The Clinton-Fayette-Highland Educational Service District acts as fiscal agent. Hopewell receives funding from the contracts with each of the member school districts and Federal and State grants. To obtain financial information write to Hopewell at the Clinton-Fayette-Highland Educational Service District, 62 Laurel Drive, Wilmington, Ohio, 45177.

*Ripley Union Lewis Huntington Local School District*

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 18 - PUBLIC ENTITY SHARED RISK AND INSURANCE PURCHASING POOL**

**Brown County Schools Benefits Consortium**

The Brown County Schools Benefits Consortium, a public entity risk and insurance purchasing pool, currently operates to provide health insurance (insurance purchasing pool) and dental coverage (public entity risk pool) to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Six Brown County school districts (Eastern, Fayetteville-Perry, Georgetown, Ripley-Union-Lewis-Huntington, Southern Hills Joint Vocational and Western Brown Schools) have entered into an agreement with the Brown County Educational Service Center to form the Brown County Schools Benefits Consortium. The overall objectives of the consortium are to formulate and administer a program of health and dental insurance for the benefit of the consortium members' employees and their dependents. The consortium contracts with Medical Mutual of Ohio to provide medical insurance directly to consortium member employees. The School District pays premiums to the consortium based on employee membership. For dental coverage the consortium acts as a public entity shared risk pool. Each member district pays dental premiums based on the consortium estimates of future claims. If the member district's dental claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. Dental coverage is administered through a third party administrator, CoreSource. Participating member district's pay an administrative fee to the fiscal agent to cover the costs associated with the administering of the Consortium. To obtain financial information write to Brown County Educational Service Center at 325 West State St., Georgetown, Ohio 45121.

**NOTE 19 - INSURANCE PURCHASING POOL**

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

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group insurance purchasing pool.

The GRP's business and affairs are conducted by a five member Board of Directors. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 20 - SET-ASIDE CALCULATIONS**

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2003	(\$114,125)	\$0
Current Year Set-Aside Requirement	192,989	192,989
Current Year Offsets	0	(39,704)
Qualifying Disbursements	<u>(205,885)</u>	<u>(260,811)</u>
Totals	<u>(\$127,021)</u>	<u>(\$107,526)</u>
Set-aside Reserve Balance as of June 30, 2004	<u>\$0</u>	<u>\$0</u>
Required Set-aside Balances Carried Forward to FY 2004	<u>(\$127,021)</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbooks set-aside amount to below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years. Although the School District had qualifying disbursements during the year that reduced the set-aside amounts to below zero for capital acquisition, this extra amount may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the capital acquisition set-aside.

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

**NOTE 21 - CONSTRUCTION COMMITMENTS**

The School District contracted for the design and construction of a new elementary school, a new middle school and modifications to the existing high school building. All projects are anticipated to be completed in the 2005 fiscal year. The outstanding construction commitments at June 30, 2004 are:

<u>Contractor</u>	<u>Total Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At 6/30/04</u>
<u>New Ripley Elementary School</u>			
Atkins & Stang	\$866,396	\$0	\$866,396
Avenue Fabricating , Inc.	619,890	548,919	70,971
C & T Design and Equipment	242,810	0	242,810
Cincy Fire Protection	119,969	85,734	34,235
Cinfab, Inc.	1,094,515	673,833	420,682
Crace Construction Co.	2,354,420	1,986,032	368,388
George Steel	590,390	509,815	80,575
Kerkan Roofing	445,145	198,467	246,678
Mardis & Meehan Construction	3,222,945	1,015,448	2,207,497
Perfection Mechanical	504,456	206,306	298,150
Spectra Contract Flooring	28,849	0	28,849
Spectrum Control Systems, Inc.	129,190	0	129,190
Steed Hammond Paul, Inc.	746,425	645,309	101,116
Sunesis Construction Co.	661,618	632,265	29,353
Thomas Popp Electric	926,356	463,305	463,051
<u>New Aberdeen Middle School</u>			
C & T Design and Equipment	216,289	0	216,289
Cincinnati Dayton Fire	109,200	14,109	95,091
Feldcamp Enterprises, Inc.	1,495,047	891,410	603,637
Kerkan Roofing	435,611	229,304	206,307
Spectra Contract Flooring	24,838	0	24,838
Spectrum Control Systems, Inc.	128,183	0	128,183
Steed Hammond Paul, Inc.	666,041	524,519	141,522
Stephen Gross & Sons, Inc.	2,671,095	684,511	1,986,584
Sunesis Construction Co.	742,263	661,192	81,071
T & C Construction	1,658,557	1,309,771	348,786
West End Electric Co.	1,055,565	616,023	439,542
<u>Ripley High School Renovations</u>			
Feldcamp Enterprises, Inc.	214,000	2,000	212,000
Lang Masonry	97,900	87,741	10,159
Spectrum Control Systems, Inc.	84,995	0	84,995
Steed Hammond Paul, Inc.	223,367	195,366	28,001
Stephen Gross & Sons, Inc.	343,459	12,508	330,951
West End Electric Co.	151,500	37,721	113,779
	<u>\$22,871,284</u>	<u>\$12,231,608</u>	<u>\$10,639,676</u>

***Ripley Union Lewis Huntington Local School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2004

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**NOTE 22 – STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

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

**NOTE 23 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2004.

**B. Litigation**

The School District is currently not party to legal proceedings.

**NOTE 24- SUBSEQUENT EVENT**

In October 2004, the Ohio School Facilities Commission and the School District filed suit in the Common Pleas Court of Brown County, Ohio against numerous contractors demanding repayment for the faulty High School Building roof. The School District anticipates moving in to the High School Building during the summer of 2005.



Ripley Union Lewis Huntington Local School District  
Brown County

Schedule of Federal Awards Expenditures  
For the Year Ended June 30, 2004

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through the Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
Food Donation Program	NA	10.550	\$0	\$46,311	\$0	\$46,311
School Breakfast Program	05-PU	10.553	58,358	0	58,358	0
National School Lunch Program	LL-P4/VG-S1	10.555	205,765	0	205,765	0
Total Nutrition Cluster			264,123	46,311	264,123	46,311
Team Nutrition Grants		10.574	4,000	0	4,000	0
Total United States Department of Agriculture			268,123	46,311	268,123	46,311
<b>United States Department of Education</b>						
<i>Passed through the Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	C1-S1 2004	84.010	404,587	0	399,680	0
Special Education Grants to States (Title VI-B)	6B-SF 2003	84.027	194,558	0	145,842	0
Safe & Drug Free Schools and Communities	DR-S1 2004	84.186	15,111	0	10,582	0
Continuous Improvement	G2-S1 99/00	84.276	0	0	31,329	0
Eisenhower Professional Development Grant	MS-S1 2002	84.281	0	0	223	0
State Grants for Innovative Programs	C2-S1 2004	84.298	7,963	0	8,676	0
Education Technology State Grants	TJ-S1 2004	84.318	3,773	0	7,774	0
Rural Education Grant	RU-S1 2004	84.358	14,446	0	4,881	0
Improving Teacher Quality	TR-S1 2004	84.367	97,014	0	91,928	0
Total United States Department of Education			737,452	0	700,915	0
<b>Corporation for National and Community Service</b>						
Learn and Serve America School	SV-S5-2003	94.004	30,000	0	30,073	0
Total Corporation for National and Community Service			30,000	0	30,073	0
<b>Total Federal Financial Assistance</b>			<b>\$1,035,575</b>	<b>\$46,311</b>	<b>\$999,111</b>	<b>\$46,311</b>

NA - Pass Through Entity Number is Not Available  
See Accompanying Notes to the Schedule of Federal Awards Expenditures

Ripley Union Lewis Huntington Local School District  
Notes to Schedule of Federal Awards Expenditures  
For the Fiscal Year Ended June 30, 2004

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTIONS**

Non monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2004, the District had no significant food commodities in inventory.

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687

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Ohio Society of Certified Public Accountants

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with *Government Auditing Standards***

Members of the Board

Ripley Union Lewis Huntington Local School District

120 Main Street

Ripley, Ohio 45167

To the Board of Education:

We have audited the financial statements of the Ripley Union Lewis Huntington Local School District, Brown County, Ohio (the District), as of and for the year ended June 30, 2004 and have issued our report thereon dated March 28, 2005, wherein we noted the District adopted Governmental Accounting Standards Board Statement numbers 34, 37, 38, and Interpretation 6. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

**Compliance and Other Matters**

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

Ripley Union Lewis Huntington Local School District  
Brown County  
Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit Performed in Accordance  
with *Governmental Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

March 28, 2005

# BALESTRA, HARR & SCHERER, CPAs, INC.

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Piketon, Ohio 45661

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Ohio Society of Certified Public Accountants

## **Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133**

Members of the Board  
Ripley Union Lewis Huntington Local School District  
120 Main Street  
Ripley, Ohio 45167

### **Compliance**

We have audited the compliance of the Ripley Union Lewis Huntington Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2004. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2004.

### **Internal Control Over Compliance**

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

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

This report is intended solely for the information and use of the audit committee, management, members of the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
March 28, 2005

RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT  
BROWN COUNTY  
JUNE 30, 2004

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505

**SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #10.550, 10.553 & 10.555 Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT  
BROWN COUNTY  
JUNE 30, 2004

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT  
BROWN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 ' .315 (b)  
J U N E 30, 2004

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2002-10408-001	Finding for Recovery	No	Partially Repaid





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**RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT**

**BROWN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 12, 2005**