

Ripley Union Lewis Huntington Local School District
Brown County, Ohio

Single Audit

July 1, 2007 through June 30, 2008
Fiscal Years Audited Under GAGAS: 2008



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
Auditor of State

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

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, 2007 through June 30, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 5, 2009

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Ripley Union Lewis Huntington Local School District
Table of Contents

TITLE	PAGE
Independent Auditor’s Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government – Wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Food Service Fund	19
Statement of Fiduciary Assets and Liabilities – Agency Fund	20
Notes to the Basic Financial Statements	21
Schedule of Federal Awards Expenditures	53
Notes to the Schedule of Federal Awards Expenditures	54
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit Performed in Accordance with <i>Government Auditing Standards</i>	55
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	57
Schedule of Findings and Questioned Costs – OMB Circular A-133 § 505	59

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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, OH 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 School District), Brown County, as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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 Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2008, and the respective changes in financial position and the respective budgetary comparison for the general fund and the food service fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

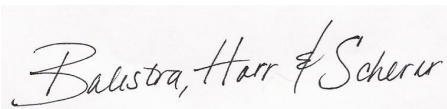
In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2009 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 11 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, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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 School 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 21, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*.

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

Balestra, Harr & Scherer, CPAs, Inc.
January 30, 2009

Ripley Union Lewis Huntington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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 fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements to enhance their understanding of the School District's performance.

This discussion and analysis of Ripley Union Lewis Huntington Local School District's financial performance is intended to serve as an introduction to the School District's basic financial statements, and provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. Ripley Union Lewis Huntington Local School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their *Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"* issued June 1999.

Financial Highlights

The assets of the Ripley Union Lewis Huntington Local School District exceeded its liabilities at June 30, 2008 by \$31,291,655.

The School District's net assets decreased by \$916,656 during this fiscal year's operations.

General revenues accounted for \$9,491,489 or 76 percent of all revenues. Program specific revenues in the form of charges for services, sales, grants, contributions and interest accounted for \$2,984,860 or 24 percent of total governmental revenues. The extraordinary item of the insurance settlement due to a faulty building roof accounted for \$290,000.

The School District had \$13,683,005 in expenses related to governmental activities; only \$2,984,860 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, 2008
Unaudited

Using the Basic Financial Statements

This report consists of a series of financial statements and the notes to those 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 nonmajor funds presented in total in one column. The major funds for the Ripley Union Lewis Huntington Local School District are the General, Food Service, Bond Retirement, 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 fiscal year 2008?" The *statement of net assets* and the *statement of activities*, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include *all assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Ripley Union Lewis Huntington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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

Fiduciary Funds - The School District's fiduciary fund is an 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 fiscal years 2008 and 2007:

(Table 1)
Net Assets
Governmental Activities

	2008	2007	Change
Assets			
Current and Other Assets	\$6,895,707	\$6,571,062	\$324,645
Capital Assets, Net	31,456,648	32,910,006	(1,453,358)
Total Assets	38,352,355	39,481,068	(1,128,713)
Liabilities			
Other Liabilities	3,215,085	3,121,574	93,511
Long-Term Liabilities	3,845,615	4,151,183	(305,568)
Total Liabilities	7,060,700	7,272,757	(212,057)
Net Assets			
Invested in Capital Assets, Net of Related Debt	28,274,922	29,407,731	(1,132,809)
Restricted	3,474,510	2,901,704	572,806
Unrestricted (Deficit)	(457,777)	(101,124)	(356,653)
Total Net Assets	\$31,291,655	\$32,208,311	(\$916,656)

Ripley Union Lewis Huntington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Total net assets decreased by \$916,656. This was due to a capital assets decrease of \$1,453,358, due primarily to current year depreciation exceeding current year additions. Restricted net assets increased by \$572,806 due to multiple settlements that the School District received resulting from a lawsuit related to a faulty building roof.

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 basis 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, gifts and donations, investment earnings and miscellaneous revenues.

(Table 2)
Change in Net Assets
Governmental Activities

	2008	2007	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$668,359	\$630,141	\$38,218
Operating Grants, Contributions and Interest	2,307,501	2,078,043	229,458
Capital Grants and Contributions	9,000	9,000	0
Total Program Revenues	2,984,860	2,717,184	267,676
General Revenues:			
Property Taxes	2,504,410	2,499,646	4,764
Grants and Entitlements not Restricted to Specific Programs	6,685,081	6,685,546	(465)
Gifts and Donations	2,525	275	2,250
Investment Earnings	156,360	192,210	(35,850)
Gain on Sale of Capital Assets	1,020	300	720
Miscellaneous	142,093	155,352	(13,259)
Total General Revenues	9,491,489	9,533,329	(41,840)
Total Revenues	\$12,476,349	\$12,250,513	\$225,836

(continued)

Ripley Union Lewis Huntington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

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

	2008	2007	Change
Revenues			
Program Expenses			
Instruction:			
Regular	\$5,460,868	\$5,509,510	(\$48,642)
Special	1,433,748	1,399,984	33,764
Vocational	638,749	575,340	63,409
Student Intervention Services	189,663	167,705	21,958
Support Services:			
Pupils	381,127	391,602	(10,475)
Instructional Staff	900,232	868,022	32,210
Board of Education	102,734	121,180	(18,446)
Administration	903,577	973,582	(70,005)
Fiscal	341,767	346,747	(4,980)
Operation and Maintenance of Plant	1,222,367	1,265,879	(43,512)
Pupil Transportation	757,663	765,402	(7,739)
Central	77,969	78,869	(900)
Operation of Non-Instructional Services:			
Food Services	671,242	680,179	(8,937)
Other	31,113	72,483	(41,370)
Extracurricular Activities	310,222	335,580	(25,358)
Intergovernmental	20,114	50,560	(30,446)
Interest and Fiscal Charges	239,850	281,464	(41,614)
Total Expenses	<u>13,683,005</u>	<u>13,884,088</u>	<u>(201,083)</u>
Decrease in Net Assets Before			
Extraordinary Item	(1,206,656)	(1,633,575)	426,919
Extraordinary Item - Insurance Settlement	<u>290,000</u>	<u>338,000</u>	<u>(48,000)</u>
Decrease in Net Assets	<u>(916,656)</u>	<u>(1,295,575)</u>	<u>378,919</u>
Net Assets at Beginning of Year	<u>32,208,311</u>	<u>33,503,886</u>	<u>(1,295,575)</u>
Net Assets at End of Year	<u><u>\$31,291,655</u></u>	<u><u>\$32,208,311</u></u>	<u><u>(\$916,656)</u></u>

Program revenues increased by \$267,676, due mainly to increases in intergovernmental money related to the new 21st Century Grant and increases in the Core and Student Intervention Grants. In addition, student activity sales and fees increased and an additional federal payment related to the Food Service Fund was received during the fiscal year. General revenues decreased by \$41,840, due primarily to decreases in interest related to a large interest rate decrease related to the StarOhio accounts.

Ripley Union Lewis Huntington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Program expenses decreased \$201,083. Support services decreased by \$123,847 due primarily to a decrease in administration of \$70,005. This was primarily due to a vacant principal position that was open as of February 2008 but was not filled until July 2008. Operation and maintenance of plant decreased due to a decrease in repairs and maintenance, insurance premiums, and building and custodial supplies.

Governmental Activities

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

(Table 3)
Governmental Activities

	Total Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2008	Net Cost of Services 2007
Instruction	\$7,723,028	\$7,652,539	(\$5,822,435)	(\$5,995,574)
Support Services	4,687,436	4,811,283	(4,321,689)	(4,506,295)
Operation of Non- Instructional Services	702,355	752,662	(90,732)	(105,910)
Extracurricular Activities	310,222	335,580	(238,874)	(275,014)
Intergovernmental	20,114	50,560	15,435	(2,647)
Interest and Fiscal Charges	239,850	281,464	(239,850)	(281,464)
Total Expenses	\$13,683,005	\$13,884,088	(\$10,698,145)	(\$11,166,904)

The School District's Funds

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12,376,399 and expenditures of \$12,521,059. The net change in fund balance for the fiscal year was most significant in the Construction Fund, with an increase of \$342,183. The increase was due to the receipt of monies for the settlement of the uplift building/roof lawsuit. The net change in fund balance for the fiscal year in the General Fund and Bond Retirement Fund was a decrease of \$315,706 and an increase of \$92,537, respectively.

The School District is aware that a General Fund deficit is projected for future fiscal years. The Board of Education is currently working with the Department of Education to create a plan that will alleviate the situation.

Ripley Union Lewis Huntington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

General Fund - Budget Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. During the course of fiscal year 2008, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

The School District's ending unobligated cash balance was \$277 above the final budgeted amount in the General Fund.

For the General Fund, original budgeted revenues were \$9,750,874 and final budgeted revenues were \$9,769,429. This represents an increase in estimated revenue of \$18,555, which was primarily due to an increase in property taxes. The difference between actual budget basis revenues and final budgeted revenues was \$277.

Original budgeted expenditures in the General Fund were \$9,765,757 and final budgeted expenditures were \$10,213,081. This represents an increase in estimated expenditures of \$447,324, which was due to a \$198,193 increase in regular instruction and small increases in all other expenditure line items. The increase in budgeted expenditures for regular instruction was due to increases in salaries, signing bonuses, insurance increases and higher severance pay. The difference between actual budget basis expenditures and final budgeted expenditures was zero, due to the final appropriation resolution being approved as of the last day of the fiscal year.

Capital Assets and Debt

Capital Assets

The Ripley Union Lewis Huntington Local School District's investment in capital assets as of June 30, 2008 was \$31,456,648. This investment in capital assets includes land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2008 balances compared to fiscal year 2007:

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

	2008	2007
Land	\$289,313	\$289,313
Buildings and Improvements	30,240,546	31,556,807
Furniture and Equipment	781,814	864,695
Vehicles	144,975	199,191
Totals	\$31,456,648	\$32,910,006

Ripley Union Lewis Huntington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

Net capital assets decreased \$1,453,358 from the prior fiscal year. This is due mainly to depreciation expense during the fiscal year.

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

Debt

At June 30, 2008 the School District had \$2,719,891 in bonds outstanding. \$294,487 of the bonds outstanding represents the amounts due within one year. Table 5 summarizes bonds outstanding:

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

	2008	2007
General Obligation Bonds:		
1998 School Improvement Refunding Bonds 3.95%-5.05%	\$755,996	\$892,091
1998 School Improvement Bonds 4.75%-5.05%	655,000	750,000
2003 Classroom Facilities Bonds 2.0%-9.914%	1,252,000	1,317,000
Accretion on Capital Appreciation Bonds	56,895	44,569
Totals	\$2,719,891	\$3,003,660

The School District's overall legal debt margin was \$5,987,814, and the unvoted debt margin was \$96,120 at June 30, 2008.

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

Current Financial Issues and Concerns

Ripley Union Lewis Huntington Local School District opened the new middle school and the new elementary school in January 2005. The remodeling of the high school was complete in the summer of 2005. The School District has state of the art buildings and equipment for its preschool through 12th grade programs. The challenge that the School District faces 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 have 113,455 additional square feet to heat and cool. The School District increased its services budget an additional \$99,256 in fiscal year 2008 to cover utilities, building services and repairs and County contracts.

Ripley Union Lewis Huntington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
Unaudited

The School District is dependent on outside factors for 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 as compared with students who attend districts with large numbers of taxpayers and 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 do not anticipate increases in State revenue each fiscal year, as we are currently receiving formula aid based on the Ohio Department of Education's Formula Aid Guarantee program, which sets a minimum level of funding based on School District average daily membership, and we are continuing to experience declining enrollment.

The Ripley Union Lewis Huntington Local School District's Board of Education and the administration will be required to plan carefully and prudently to provide resources to meet student needs over the next several years. The Board and administration is poised to make decisions necessary to balance the budget. We plan to meet the challenges of the future and to provide the best educational opportunities to our students.

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, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,981,757
Cash and Cash Equivalents with Escrow Agent	13,343
Materials and Supplies Inventory	43,719
Inventory Held for Resale	14,721
Accrued Interest Receivable	1,100
Accounts Receivable	31,153
Intergovernmental Receivable	290,614
Prepaid Items	11,172
Property Taxes Receivable	2,498,858
Deferred Charges	9,270
Capital Assets:	
Land	289,313
Depreciable Capital Assets, Net	<u>31,167,335</u>
<i>Total Assets</i>	<u>38,352,355</u>
Liabilities	
Accounts Payable	18,591
Accrued Wages and Benefits Payable	872,363
Intergovernmental Payable	265,325
Contracts Payable	1,724
Accrued Interest Payable	73,881
Vacation Benefits Payable	59,550
Retainage Payable	13,343
Deferred Revenue	1,910,308
Long-Term Liabilities:	
Due Within One Year	343,559
Due in More Than One Year	<u>3,502,056</u>
<i>Total Liabilities</i>	<u>7,060,700</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	28,274,922
Restricted for:	
Debt Service	1,037,743
Capital Projects	1,947,994
Other Purposes	488,773
Unrestricted (Deficit)	<u>(457,777)</u>
<i>Total Net Assets</i>	<u><u>\$31,291,655</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, 2008

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$5,460,868	\$401,707	\$118,386	\$0	(\$4,940,775)
Special	1,433,748	0	1,048,576	0	(385,172)
Vocational	638,749	0	176,463	0	(462,286)
Student Intervention Services	189,663	0	155,461	0	(34,202)
Support Services:					
Pupils	381,127	0	13,561	0	(367,566)
Instructional Staff	900,232	0	150,550	0	(749,682)
Board of Education	102,734	0	0	0	(102,734)
Administration	903,577	0	140,928	0	(762,649)
Fiscal	341,767	0	0	0	(341,767)
Operation and Maintenance of Plant	1,222,367	6,729	0	0	(1,215,638)
Pupil Transportation	757,663	0	39,979	0	(717,684)
Central	77,969	0	5,000	9,000	(63,969)
Operation of Non-Instructional Services:					
Food Services	671,242	188,575	407,198	0	(75,469)
Other	31,113	0	15,850	0	(15,263)
Extracurricular Activities	310,222	71,348	0	0	(238,874)
Intergovernmental	20,114	0	35,549	0	15,435
Interest and Fiscal Charges	239,850	0	0	0	(239,850)
Total Governmental Activities	\$13,683,005	\$668,359	\$2,307,501	\$9,000	(10,698,145)
General Revenues					
Property Taxes Levied for:					
General Purposes					1,934,833
Capital Outlay					37,591
Debt Service					531,986
Grants and Entitlements not Restricted to Specific Programs					6,685,081
Gifts and Donations					2,525
Investment Earnings					156,360
Gain on Sale of Capital Assets					1,020
Miscellaneous					142,093
Total General Revenues					9,491,489
Extraordinary Item - Insurance Settlement					290,000
Total General Revenues and Extraordinary Item					9,781,489
Change in Net Assets					(916,656)
Net Assets at Beginning of Year					32,208,311
Net Assets at End of Year					\$31,291,655

See accompanying notes to the basic financial statements

Ripley Union Lewis Huntington Local School District

Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Food Service Fund	Bond Retirement Fund	Construction Fund	All Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$532,759	\$86,836	\$983,606	\$1,934,463	\$435,033	\$3,972,697
Materials and Supplies Inventory	42,031	863	0	0	825	43,719
Inventory Held for Resale	0	12,771	0	0	1,950	14,721
Accrued Interest Receivable	1,100	0	0	0	0	1,100
Accounts Receivable	23,979	0	0	0	7,174	31,153
Interfund Receivable	91,686	0	0	0	0	91,686
Intergovernmental Receivable	5,237	1,422	0	0	283,955	290,614
Prepaid Items	10,062	908	0	0	202	11,172
Property Taxes Receivable	1,931,080	0	530,049	0	37,729	2,498,858
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	9,060	0	0	0	0	9,060
Cash and Cash Equivalents with Escrow Agent	0	0	0	13,343	0	13,343
Total Assets	\$2,646,994	\$102,800	\$1,513,655	\$1,947,806	\$766,868	\$6,978,123
Liabilities						
Accounts Payable	\$10,476	\$390	\$0	\$0	\$7,725	\$18,591
Accrued Wages and Benefits Payable	732,292	22,296	0	0	117,775	872,363
Interfund Payable	0	0	0	0	91,686	91,686
Intergovernmental Payable	229,964	12,438	0	0	22,923	265,325
Contracts Payable	0	0	0	1,724	0	1,724
Vacation Benefits Payable	59,550	0	0	0	0	59,550
Payable from Restricted Assets:						
Retainage Payable	0	0	0	13,343	0	13,343
Deferred Revenue	1,628,143	0	441,133	0	162,765	2,232,041
Total Liabilities	2,660,425	35,124	441,133	15,067	402,874	3,554,623
Fund Balances						
Reserved for Encumbrances	63,397	538	0	0	92,570	156,505
Reserved for Property Taxes	308,704	0	88,916	0	6,174	403,794
Reserved for Bus Purchases	9,060	0	0	0	0	9,060
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	(394,592)	0	0	0	0	(394,592)
Special Revenue Funds	0	67,138	0	0	259,545	326,683
Debt Service Fund	0	0	983,606	0	0	983,606
Capital Projects Funds	0	0	0	1,932,739	5,705	1,938,444
Total Fund Balances	(13,431)	67,676	1,072,522	1,932,739	363,994	3,423,500
Total Liabilities and Fund Balances	\$2,646,994	\$102,800	\$1,513,655	\$1,947,806	\$766,868	\$6,978,123

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, 2008

Total Governmental Fund Balances \$3,423,500

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	
Other capital assets	42,536,573	
Accumulated depreciation	<u>(11,369,238)</u>	
Total capital assets		31,456,648

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	184,756	
Intergovernmental	129,831	
Interest	250	
Tuition and fees	<u>6,896</u>	
		321,733

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

9,270

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

Bonds payable	(2,662,996)	
Accretion on bonds	(56,895)	
Accrued interest on bonds	(73,881)	
Capital leases	(528,000)	
Compensated absences	<u>(597,724)</u>	
		<u>(3,919,496)</u>

Net Assets of Governmental Activities \$31,291,655

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, 2008

	General Fund	Food Service Fund	Bond Retirement Fund	Construction Fund	All Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$1,935,163	\$0	\$532,705	\$0	\$37,855	\$2,505,723
Intergovernmental	7,257,380	404,697	71,356	0	1,161,249	8,894,682
Interest	93,110	2,501	0	63,235	1,001	159,847
Tuition and Fees	388,890	0	0	0	15,987	404,877
Rent	6,729	0	0	0	0	6,729
Extracurricular Activities	0	0	0	0	71,348	71,348
Gifts and Donations	2,525	0	0	0	0	2,525
Customer Sales and Services	0	188,575	0	0	0	188,575
Miscellaneous	73,116	0	0	0	68,977	142,093
<i>Total Revenues</i>	<u>9,756,913</u>	<u>595,773</u>	<u>604,061</u>	<u>63,235</u>	<u>1,356,417</u>	<u>12,376,399</u>
Expenditures						
Current:						
Instruction:						
Regular	4,510,602	0	0	0	166,465	4,677,067
Special	850,682	0	0	0	410,487	1,261,169
Vocational	487,771	0	0	0	103,295	591,066
Student Intervention Services	35,508	0	0	0	152,817	188,325
Support Services:						
Pupils	305,104	0	0	0	39,712	344,816
Instructional Staff	735,560	0	0	0	142,379	877,939
Board of Education	102,734	0	0	0	0	102,734
Administration	680,204	14,259	0	0	129,703	824,166
Fiscal	291,976	0	18,980	0	1,360	312,316
Operation and Maintenance of Plant	1,165,819	0	0	11,052	34,705	1,211,576
Pupil Transportation	682,299	0	0	0	18,372	700,671
Central	70,164	0	0	0	7,805	77,969
Operation of Non-Instructional Services:						
Food Services	0	580,138	0	0	0	580,138
Other	628	0	0	0	29,871	30,499
Extracurricular Activities	102,669	0	0	0	73,362	176,031
Intergovernmental	0	0	0	0	20,114	20,114
Debt Service:						
Principal Retirement	25,000	0	296,095	0	0	321,095
Interest and Fiscal Charges	26,919	0	196,449	0	0	223,368
<i>Total Expenditures</i>	<u>10,073,639</u>	<u>594,397</u>	<u>511,524</u>	<u>11,052</u>	<u>1,330,447</u>	<u>12,521,059</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(316,726)	1,376	92,537	52,183	25,970	(144,660)
Other Financing Sources						
Proceeds from Sale of Capital Assets	1,020	0	0	0	0	1,020
Extraordinary Item - Insurance Settlement	0	0	0	290,000	0	290,000
<i>Net Change in Fund Balances</i>	(315,706)	1,376	92,537	342,183	25,970	146,360
<i>Fund Balances at Beginning of Year</i>	<u>302,275</u>	<u>66,300</u>	<u>979,985</u>	<u>1,590,556</u>	<u>338,024</u>	<u>3,277,140</u>
<i>Fund Balances at End of Year</i>	<u>(\$13,431)</u>	<u>\$67,676</u>	<u>\$1,072,522</u>	<u>\$1,932,739</u>	<u>\$363,994</u>	<u>\$3,423,500</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, 2008

Net Change in Fund Balances - Total Governmental Funds \$146,360

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	23,508	
Depreciation expense	<u>(1,476,866)</u>	
Excess of capital outlay under depreciation expense		(1,453,358)

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

Proceeds from sale of capital assets	(1,020)	
Gain on disposal of capital assets	<u>1,020</u>	
		0

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. Deferred revenues changed this fiscal year by:

Delinquent property taxes	(1,313)	
Intergovernmental	103,398	
Interest	15	
Tuition and fees	<u>(3,170)</u>	
		98,930

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

Current year amortization of issuance costs	(546)	
Accretion on bonds	<u>(12,326)</u>	
		(12,872)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current fiscal year, this amount consisted of:

Bond payments	296,095	
Capital lease payments	<u>25,000</u>	
Total long-term debt repayment		321,095

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

Increase in accrued interest payable		(3,610)
--------------------------------------	--	---------

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	(3,201)	
Grants cancelled	<u>(10,000)</u>	
		<u>(13,201)</u>

Change in Net Assets of Governmental Activities (\$916,656)

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, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property Taxes	\$1,908,801	\$2,002,740	\$2,002,740	\$0
Intergovernmental	7,329,110	7,258,658	7,258,658	0
Interest	96,011	95,088	95,198	110
Tuition and Fees	380,951	377,289	377,289	0
Rent	3,486	3,452	3,452	0
Gifts and Donations	2,550	2,525	2,525	0
Miscellaneous	29,965	29,677	29,844	167
<i>Total Revenues</i>	<u>9,750,874</u>	<u>9,769,429</u>	<u>9,769,706</u>	<u>277</u>
Expenditures				
Current:				
Instruction:				
Regular	4,326,860	4,525,053	4,525,053	0
Special	821,334	858,955	858,955	0
Vocational	483,416	505,559	505,559	0
Student Intervention Services	35,951	37,598	37,598	0
Support Services:				
Pupils	293,027	306,449	306,449	0
Instructional Staff	715,812	748,600	748,600	0
Board of Education	101,465	106,113	106,113	0
Administration	657,374	687,485	687,485	0
Fiscal	280,465	293,312	293,312	0
Operation and Maintenance of Plant	1,155,349	1,208,270	1,208,270	0
Pupil Transportation	681,189	712,391	712,391	0
Central	67,110	70,184	70,184	0
Operation of Non-Instructional Services:				
Other	667	698	698	0
Extracurricular Activities	96,093	100,495	100,495	0
Debt Service:				
Principal Retirement	23,905	25,000	25,000	0
Interest and fiscal charges	25,740	26,919	26,919	0
<i>Total Expenditures</i>	<u>9,765,757</u>	<u>10,213,081</u>	<u>10,213,081</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(14,883)</u>	<u>(443,652)</u>	<u>(443,375)</u>	<u>277</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	0	1,664	1,664	0
Advances In	176,342	176,342	176,342	0
Proceeds from Sale of Capital Assets	1,020	1,020	1,020	0
Insurance Recoveries	42,164	42,164	42,164	0
Refund of Prior Year Receipts	(1,125)	(1,125)	(1,125)	0
Advances Out	(188,476)	(188,476)	(188,476)	0
<i>Total Other Financing Sources</i>	<u>29,925</u>	<u>31,589</u>	<u>31,589</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	15,042	(412,063)	(411,786)	277
<i>Fund Balance at Beginning of Year</i>	779,274	779,274	779,274	0
<i>Prior Year Encumbrances Appropriated</i>	<u>98,219</u>	<u>98,219</u>	<u>98,219</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$892,535</u>	<u>\$465,430</u>	<u>\$465,707</u>	<u>\$277</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, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$329,151	\$368,530	\$368,530	\$0
Interest	2,251	2,520	2,501	(19)
Customer Sales and Services	169,904	190,231	190,231	0
<i>Total Revenues</i>	<u>501,306</u>	<u>561,281</u>	<u>561,262</u>	<u>(19)</u>
Expenditures				
Current:				
Support Services:				
Administration	14,268	13,819	13,819	0
Operation of Non-Instructional Services:				
Food Services	522,573	506,140	506,140	0
<i>Total Expenditures</i>	<u>536,841</u>	<u>519,959</u>	<u>519,959</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(35,535)</u>	<u>41,322</u>	<u>41,303</u>	<u>(19)</u>
Other Financing Sources (Uses)				
Advances In	10,000	10,000	10,000	0
Advances Out	(10,000)	(10,000)	(10,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(35,535)</u>	<u>41,322</u>	<u>41,303</u>	<u>(19)</u>
<i>Fund Balance at Beginning of Year</i>	<u>44,604</u>	<u>44,604</u>	<u>44,604</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$9,069</u></u>	<u><u>\$85,926</u></u>	<u><u>\$85,907</u></u>	<u><u>(\$19)</u></u>

See accompanying notes to the basic financial statements

Ripley Union Lewis Huntington Local School District
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2008

	<u>Student Managed Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$57,770</u></u>
Liabilities	
Undistributed Monies	<u><u>\$57,770</u></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, 2008

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 School 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 6.5 mill levy to build a state of the art junior/senior high school. This new building opened in January of 1994, and housed grades 7 – 12. The \$8 million facility included a 2,000 seat gymnasium, computer connectivity, and many new programs.

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. The approved \$22,245,074 school classroom facilities grant included new elementary and middle school buildings, and significant upgrades of the heating, ventilating and air conditioning systems in the existing high school building.

As a requirement of the grant, the voters in the School District passed a 1.45 mill levy on November 6, 2001 to fund the seven percent local construction match and continued maintenance (.5 mill). On August 29, 2002 the School District issued \$1,557,000 in School Improvement Bonds which will be in effect for twenty-three years.

The two new buildings opened in January, 2005. Grades Pre-K through 4 are housed at the new Ripley Elementary School. Grades 5 through 8 are housed at the new Aberdeen Middle School. Grades 9 through 12 are housed at the remodeled Ripley High School. Finish work and the demolition of the old school building (former Elementary building) were completed in the summer of 2005. All of the basic remodeling work on the high school was complete by June 30, 2006.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

(continued)

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 99 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 three instructional support facilities staffed by 45 non-certificated and 93 teaching personnel and 12 administrative employees providing education to 1,234 students.

Reporting Entity:

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For 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 to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support, to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The 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 and as part of governmental activities for financial reporting purposes.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

(continued)

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 Unified Purchasing Cooperative of the Ohio River Valley (UPC), 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 16, 17 and 18 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 before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary fund. The government-wide statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District, however, has no business-type activities.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

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

B. Fund Accounting

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

Governmental Funds:

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

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

The 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.

Bond Retirement Fund – The Bond Retirement Fund is a debt service fund used to account for the accumulation of resources for, and the payment of, general obligation bond principal and interest and certain other long-term obligations when the School District is obligated for the payment.

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, whose use is restricted to a particular purpose.

Fiduciary Funds:

Fiduciary fund reporting focuses on net assets and changes in net assets. The School District's only fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund accounts for those student activities which consist of a student body, student president, student treasurer and a faculty advisor.

C. Measurement Focus

Government-wide Financial Statements:

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

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

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 fund are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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.

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 property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

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, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures:

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

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

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The School District also utilizes an escrow agent to hold retainage on construction contracts. These monies are presented as "Restricted Assets: Cash and Cash Equivalents with Escrow Agent" on the balance sheet.

During fiscal year 2008, the School District's investments were limited to certificates of deposit, and funds invested in the State Treasury Asset Reserve of Ohio (STAROhio). Certificates of deposit are recorded at cost.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2008 amounted to \$93,110, which includes \$61,816 assigned from other School District funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, 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.

G. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption 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 usually result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

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

<u>Description</u>	<u>Estimated Lives</u>
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 Receivable” and “Interfund Payable.” These amounts are eliminated in the governmental activities column 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 in the fiscal year following the fiscal year in which the benefit is earned.

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.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

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 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 fiscal year. Bonds 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. Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. 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 fiscal year for the compounded interest accrued during the fiscal year. Compounded interest on the capital appreciation bonds is presented as an addition of the face amount of the bonds payable whereas issuance costs are recorded as deferred charges.

On the governmental fund financial statements, issuance costs are recorded when expended and compounded interest on capital appreciation bonds is recorded as an expenditure when the debt becomes due.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

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 bus purchases.

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

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 resources restricted for food service operations and 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. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or imposed by law through constitutional provisions or enabling legislation.

The School District utilizes an escrow agent to hold retainage on construction contracts. The balances in these accounts are presented on the financial statements as “Restricted Assets: Cash and Cash Equivalents with Escrow Agent”.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

Q. 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.

R. Budgetary Process

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

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Prior to fiscal year-end, the School District passed a supplemental appropriation that matched appropriations to expenditures and encumbrances for the fiscal year.

S. Extraordinary Item

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. During fiscal year 2008, the School District received an insurance settlement resulting from faulty construction of a building roof. The amount is recorded as an extraordinary item.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual for the General Fund and the Food Service 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. 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 Special Revenue Fund.

	Net Change in Fund Balances	
	General Fund	Food Service Fund
GAAP Basis	(\$315,706)	\$1,376
Adjustments:		
Revenue Accruals	56,621	(34,511)
Expenditure Accruals	(64,455)	75,367
Encumbrances	(76,112)	(929)
Advances	(12,134)	0
Budget Basis	<u>(\$411,786)</u>	<u>\$41,303</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS *(continued)*

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

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

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

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

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

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$533,210 of the School District's bank balance of \$833,210 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments

As of June 30, 2008, the School District had the following investment:

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	<u>\$3,471,147</u>	Average 53.8 Days

Interest Rate Risk

The School District's investment policy follows State statute, which requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. The policy further states that no investment shall be made that will cause the average duration of the School District's portfolio to exceed 3.5 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date.

Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

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

The School District receives property taxes from 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, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 5 - PROPERTY TAXES (continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 and the late personal property tax settlement were levied to finance current fiscal year operations and are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

The amount available as an advance at June 30, 2008, was \$308,704 in the General Fund, \$88,916 in the Bond Retirement Debt Service Fund, and \$6,174 in the Classroom Facilities Special Revenue Fund. The amount available as an advance at June 30, 2007, was \$361,147 in the General Fund, \$104,278 in the Bond Retirement Debt Service Fund, and \$7,218 in the Classroom Facilities Special Revenue Fund.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$89,482,100	92.60%	\$90,822,990	92.45%
Public Utility Personal	5,517,440	5.71%	5,775,730	5.88%
General Business Personal	1,632,180	1.69%	1,636,590	1.67%
Total Assessed Value	<u>\$96,631,720</u>	<u>100.00%</u>	<u>\$98,235,310</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$35.55		\$35.55	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2008 consisted of accrued interest, accounts, interfund, intergovernmental grants, and property taxes. All receivables, except for delinquent property taxes, 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. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. A listing of intergovernmental receivables follows:

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 6 – RECEIVABLES (continued)

	<u>Amounts</u>
Governmental Activities	
Bus Purchase Reimbursements	\$5,237
Summer School Reimbursement	1,422
OISM Grant	5,500
Title VI Idea Part-B Grant	106,070
Title I Targeted Assistance Grant	102,580
Title V Grant	1,202
Title II-A Class Size Reduction Grant	28,119
Title II-D Technology Grant	2,092
21st Century Grant	23,879
T.A.N.F. School Readiness Grant	14,513
Total Intergovernmental Receivables	<u>\$290,614</u>

NOTE 7 - CAPITAL ASSETS

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

	<u>Balance 6/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/08</u>
Governmental Activities				
Capital Assets, Not being Depreciated				
Land	<u>\$289,313</u>	<u>\$0</u>	<u>\$0</u>	<u>\$289,313</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	39,453,131	0	0	39,453,131
Furniture and Equipment	1,842,484	23,508	(6,223)	1,859,769
Vehicles	<u>1,228,973</u>	<u>0</u>	<u>(5,300)</u>	<u>1,223,673</u>
Total Capital Assets, Being Depreciated	<u>42,524,588</u>	<u>23,508</u>	<u>(11,523)</u>	<u>42,536,573</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(7,896,324)	(1,316,261)	0	(9,212,585)
Furniture and Equipment	(977,789)	(106,389)	6,223	(1,077,955)
Vehicles	<u>(1,029,782)</u>	<u>(54,216)</u>	<u>5,300</u>	<u>(1,078,698)</u>
Total Accumulated Depreciation	<u>(9,903,895)</u>	<u>(1,476,866)*</u>	<u>11,523</u>	<u>(11,369,238)</u>
Total Capital Assets, Being Depreciated, Net	<u>32,620,693</u>	<u>(1,453,358)</u>	<u>0</u>	<u>31,167,335</u>
Governmental Activities Capital Assets, Net	<u>\$32,910,006</u>	<u>(\$1,453,358)</u>	<u>\$0</u>	<u>\$31,456,648</u>

* Depreciation expense was charged to governmental functions as follows:

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 7 - CAPITAL ASSETS (continued)

Instruction:	
Regular	\$790,432
Special	169,141
Vocational	52,792
Support Services:	
Pupils	34,981
Instructional Staff	8,373
Administration	90,627
Fiscal	34,578
Operation and Maintenance of Plant	16,281
Pupil Transportation	55,374
Operation of Non-Instructional Services:	
Food Services	90,096
Extracurricular Activities	134,191
Total Depreciation Expense	<u>\$1,476,866</u>

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In fiscal year 2008, the School District contracted with Ohio Casualty Insurance for property and building blanket group insurance coverage. Professional liability is protected by Ohio Casualty Insurance with a \$2,000,000 aggregate limit under a commercial umbrella policy.

The School District's vehicles are covered by Ohio Casualty Insurance and hold a \$250 deductible for comprehensive coverage and a \$500 deductible for collision coverage. 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 four fiscal years. There has been no significant reduction in coverage from the prior fiscal year.

B. Workers' Compensation

For fiscal year 2008, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice Incorporated provides administrative, cost control, and actuarial services to the GRP.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 8 - RISK MANAGEMENT *(continued)*

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 17) consisting of nine districts. The Consortium has elected to have Humana of Ohio provide medical coverage purchased as a group through the Consortium. 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. The Consortium is responsible for the management and operations of the program. Upon termination from the Consortium, for any reason, the terminated member assumes and is responsible for the payment of any delinquent contributions relating to the medical insurance and all claims related to dental of its employees from the date of termination, regardless of the date such claims were incurred.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$131,367, \$161,099 and \$154,681 respectively; 46.54 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 9 - DEFINED BENEFIT PENSION PLANS *(continued)*

B. State Teachers Retirement System of Ohio

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

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

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

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

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 9 - DEFINED BENEFIT PENSION PLANS *(continued)*

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$648,958, \$632,769, and \$618,096 respectively; 83.30 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$9,545 made by the School District and \$17,255 made by the plan members.

C. Social Security System

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

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$19,744.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$79,691, \$81,372, and \$88,916 respectively; 46.54 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 10 - POSTEMPLOYMENT BENEFITS *(continued)*

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$9,465, \$10,955, and \$12,311 respectively; 46.54 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$49,920, \$48,675, and \$47,546 respectively; 83.30 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 11 - 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. This vacation time is to be used within the following fiscal year. 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 220 days for teachers and administrators, and 215 days for classified personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 55 days for teachers and administrators, and a maximum of 50 days for classified employees.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 11 - EMPLOYEE BENEFITS *(continued)*

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through various life insurance companies.

C. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

D. Retirement Incentive

The School District offers a retirement incentive for certified employees who retire in the fiscal year they are first eligible. Eligible employees receive a \$15,000 lump sum payment. The Board may make the payment at the beginning of the next fiscal year. During fiscal year 2008, one eligible employee gave formal notice of retirement as of February 1, 2008 and the incentive was paid before fiscal year-end.

NOTE 12 - 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, the middle school and renovations to the high school. The School District is leasing the project from the 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 and renovations. Amounts were paid to contractors by the School District as the work progressed. The School District then submitted the invoices to the agent for reimbursement. The School District makes semi-annual lease payments to U.S. Bank. The interest rate is fixed at 4.808 percent. The lease is renewable annually and expires in fiscal year 2023. The intention of the School District is to renew the lease annually.

In fiscal year 2008, the School District made the fifth scheduled payment in the amount of \$25,000. The outstanding principal amount on the lease at June 30, 2008 is \$528,000.

The assets acquired through capital lease are as follows:

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 12 - CAPITALIZED LEASES - LESSEE DISCLOSURE (continued)

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Asset:			
School Buildings	<u>\$642,000</u>	<u>\$40,125</u>	<u>\$601,875</u>

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, 2008.

<u>Fiscal Year Ending June 30,</u>	<u>Total Payments</u>
2009	\$51,947
2010	51,919
2011	51,795
2012	51,593
2013	51,263
2014-2018	256,184
2019-2023	<u>249,845</u>
Total	764,546
Less: Amount Representing Interest	<u>(236,546)</u>
Present Value of Minimum Lease Payments	<u>\$528,000</u>

NOTE 13 - LONG-TERM OBLIGATIONS

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

	<u>Amount Outstanding 6/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 6/30/08</u>	<u>Amounts Due in One Year</u>
Governmental Activities					
General Obligation Bonds:					
School Improvement Refunding Bonds					
2/12/1998 3.95% - 5.05%	\$892,091	\$0	\$136,095	\$755,996	\$129,487
School Improvement Bonds					
7/1/1998 4.75% - 5.05%	750,000	0	95,000	655,000	100,000
Classroom Facilities Bonds 9/1/2002:					
Serial Bonds 2.0% to 3.9%	495,000	0	65,000	430,000	65,000
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	<u>44,569</u>	<u>12,326</u>	<u>0</u>	<u>56,895</u>	<u>0</u>
Total General Obligation Bonds	3,003,660	12,326	296,095	2,719,891	294,487
Capital Lease	553,000	0	25,000	528,000	26,000
Compensated Absences	<u>594,523</u>	<u>58,350</u>	<u>55,149</u>	<u>597,724</u>	<u>23,072</u>
Total Governmental Activities					
Long-Term Obligations	<u>\$4,151,183</u>	<u>\$70,676</u>	<u>\$376,244</u>	<u>\$3,845,615</u>	<u>\$343,559</u>

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 13 - LONG-TERM OBLIGATIONS (continued)

School Improvement Refunding Bonds

On February 12, 1998, the School District issued \$2,749,992 in School Improvement Refunding Bonds to defease a 1991 general obligation bond issue by entering into an escrow agreement with Star Bank. The bonds were issued for a seventeen year period with final maturity on December 1, 2014. The bonds will be paid from the Bond Retirement Fund. All of the original defeased 1991 bonds were retired as of December 1, 2001.

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 bonds will be paid from the Bond Retirement Fund.

2002 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 fiscal years and in the respective principal amounts as follows:

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

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 13 - 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 2008, the capital appreciation bonds were accreted \$12,326.

The School District's overall legal debt margin was \$5,987,814 with an unvoted debt margin of \$96,120 at June 30, 2008.

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

Compensated absences will be paid from the General, Food Service, DPIA, Title VI-B, Title I, and Title II Funds. The capital lease obligation will be paid from the General Fund.

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

School Improvement Refunding and School Improvement Bonds

Fiscal year Ending June 30,	Principal	Interest	Total
2009	\$229,487	\$145,990	\$375,477
2010	219,870	145,607	365,477
2011	215,420	150,033	365,453
2012	218,650	151,500	370,150
2013	220,723	148,619	369,342
2014-2015	306,846	296,312	603,158
Total	<u>\$1,410,996</u>	<u>\$1,038,061</u>	<u>\$2,449,057</u>

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 13 - 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
2009	\$65,000	\$14,346	\$0	\$35,675	\$0	\$0	\$115,021
2010	70,000	12,200	0	35,675	0	0	117,875
2011	70,000	9,803	0	35,675	0	0	115,478
2012	70,000	7,265	0	35,675	0	0	112,940
2013	75,000	4,545	0	35,675	0	0	115,220
2014-2018	80,000	1,560	80,000	176,535	67,000	173,000	578,095
2019-2023	0	0	460,000	108,305	0	0	568,305
2024-2026	0	0	215,000	10,658	0	0	225,658
Total	<u>\$430,000</u>	<u>\$49,719</u>	<u>\$755,000</u>	<u>\$473,873</u>	<u>\$67,000</u>	<u>\$173,000</u>	<u>\$1,948,592</u>

NOTE 14 - 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). The BMRDD paid the cost of constructing an early childhood center on School District Property. The portion of the building being used by BMRDD consists of the Adams/Brown Head Start units. The valuation at the time of its completion was \$794,027 and this amount has been included in the assets of the School District. In consideration for the BMRDD's funding of the project, the School District receives \$1.00 per fiscal year as an annual lease payment for use of the land that was provided for construction. If the School District terminates the lease, it will be required to reimburse BMRDD for a prorated amount of the original \$794,027 in funding provided by BMRDD, over the remainder of the unused lease term, as agreed upon by the leasing parties. The School District also agrees to insure the building 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, 2008

NOTE 15 - INTERFUND ACTIVITY

Interfund Receivables/Payables

As of June 30, 2008, receivables and payables that resulted from various interfund transactions were as follows:

	Receivable
	General
Payable	
All Other Governmental Funds	<u>\$91,686</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 other governmental funds.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. South Central Ohio Computer Association

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 \$112,866 for services provided during the fiscal year. Financial information can be obtained from the fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

B. Unified Purchasing Cooperative of the Ohio River Valley

The Unified Purchasing Cooperative of the Ohio River Valley (UPC) is a purchasing cooperative made up of 44 public school districts and three joint vocational school districts in Brown, Butler, Clermont and Hamilton Counties in Ohio, as well as districts in Kentucky and Indiana. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the UPC.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS *(continued)*

The Board of Directors is elected from among the active members and consists of one representative each from Brown, Butler, Clermont and Hamilton Counties, as well as one representative from Kentucky, one from Indiana, and one at-large representative from a public school district with an enrollment greater than 5,000 students. In addition, the superintendents of the Hamilton County Educational Service Center and the Clermont County Educational Service Center also serve on the Board of Directors. The Hamilton County Educational Service Center serves as fiscal agent. Sixty days prior notice is necessary for withdrawal from the UPC.

During fiscal year 2008, the School District paid \$300 to the UPC. Financial information can be obtained from Don Rabe, Treasurer, Hamilton County Educational Service Center, at 11083 Hamilton Avenue, Cincinnati, Ohio, 45231.

NOTE 17 - PUBLIC ENTITY SHARED RISK AND INSURANCE PURCHASING POOL

Brown County Schools Benefits Consortium

The Brown County Schools Benefits Consortium, (Consortium) a public entity shared risk and insurance purchasing pool, currently operates to provide medical insurance (insurance purchasing pool) and dental coverage (public entity shared 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) and two Highland County school districts (Bright and Lynchburg-Clay) along with the Brown County Educational Service Center have entered into an agreement to form the Brown County Schools Benefits Consortium. The Consortium is governed by a nine member board consisting of the superintendents of each participating school district along with the superintendent of the Brown County Educational Service Center. The overall objectives of the Consortium are to formulate and administer a program of medical and dental insurance for the benefit of the Consortium members' employees and their dependents. The Consortium contracts with Humana of Ohio to provide medical insurance directly to Consortium member employees. The member districts pay 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's estimates of future claims. If the member districts' dental claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the member district's claims are low, it will not receive a refund. Dental coverage is administered through a third party administrator, Dental Care Plus. Participating member districts 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 the Brown County Educational Service Center at 325 West State St., Georgetown, Ohio 45121.

Ripley Union Lewis Huntington Local School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 18 - 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 an insurance purchasing pool.

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

NOTE 19 - 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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Textbooks	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2007	(\$111,965)	\$0
Current Fiscal Year Set-Aside Requirement	194,852	194,852
Current Fiscal Year Offsets	0	(87,250)
Qualifying Disbursements	(191,148)	(160,777)
Totals	<u>(\$108,261)</u>	<u>(\$53,175)</u>
Set-aside Reserve Balance as of June 30, 2008	<u>\$0</u>	<u>\$0</u>
Set-aside Balances Carried Forward to FY 2009	<u>(\$108,261)</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 fiscal 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 fiscal 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, 2008

NOTE 20 - 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, 2008.

B. Litigation

The School District is of the opinion that the ultimate disposition of any legal proceedings will not have a material effect, if any, on the financial condition of the School District.

NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year 2008, the School District implemented GASB Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*. GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The application of this new standard did not have a material effect on the financial statements, nor did its implementation require a restatement of prior year balances.

Ripley Union Lewis Huntington Local School District

Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through the Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	05-PU	10.553	\$99,420	\$0	\$99,420	\$0
National School Lunch Program	LL-P4	10.555	255,813	0	255,813	0
Total Nutrition Cluster			355,233	0	355,233	0
Food Donation	NA	10.550	0	73,440	0	73,440
Fresh Fruit and Vegetable Program	NA	10.582	6,372	0	6,372	0
Total United States Department of Agriculture			361,605	73,440	361,605	73,440
United States Department of Education						
<i>Passed through the Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	C1-S1	84.010	258,777	0	307,675	0
Special Education - Grants to States	6B-SF	84.027	292,872	0	302,660	0
Safe and Drug-Free Schools and Communities - State Grants	DR-S1	84.186	8,862	0	7,530	0
Twenty-First Century Community Learning Centers	T1S1	84.287	176,121	0	169,534	0
State Grants for Innovative Programs	C2-S1	84.298	1,962	0	3,163	0
Education Technology State Grants	TJ-S1	84.318	1,146	0	3,238	0
Improving Teacher Quality State Grants	TR-S1	84.367	94,057	0	104,036	0
Total United States Department of Education			833,797	0	897,836	0
<i>Passed through Job and Family Services</i>						
Temporary Assistance for Needy Families	NA	93.558	72,537	0	74,564	0
Corporation for National and Community Service						
Learn and Serve America - School and Community Based Programs	NA	94.004	31,779	0	30,000	0
Total Corporation for National and Community Service			31,779	0	30,000	0
Total Federal Financial Assistance			\$1,299,718	\$73,440	\$1,364,005	\$73,440

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 the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2008

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B –FOOD DONATION

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

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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 School District) as of and for the year ended June 30, 2008, and have issued our report thereon dated January 30, 2009 in which we indicate that the District implemented GASB Statement No. 50. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

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

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

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

Members of the Board

Ripley Union Lewis Huntington Local School District

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Page 2

Compliance and Other Matters

As part of obtaining reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express 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*.

This report is intended solely for the information and use of the 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.

January 30, 2009

BALESTRA, HARR & SCHERER, CPAs, INC.

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

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

Compliance

We have audited the compliance of Ripley Union Lewis Huntington Local School District, Brown County, Ohio (the School 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 each of its major federal programs for the year ended June 30, 2008. The School 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 School District's management. Our responsibility is to express an opinion on the School 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 School 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 School District's compliance with those requirements.

In our opinion, the School 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, 2008.

Board of Education

Ripley Union Lewis Huntington School District

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

Page 2

Internal Control Over Compliance

The management of the School 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 School District's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School District's internal control.

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

This report is intended solely for the information and use of 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.



Balestra, Harr & Scherer, CPAs, Inc.
January 30, 2009

Ripley Union Lewis Huntington Local School District

Schedule of Findings and Questioned Costs

OMB Circular A-133 Section .505

For the Fiscal Year Ended June 30, 2008

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies 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 weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster – CFDA # 10.555 and 10.553, Title I – Grants to Local Educational Agencies – CFDA # 84.010.
(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
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Fiscal Year Ended June 30, 2008

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

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

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
MARCH 17, 2009