



**RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT  
BROWN COUNTY**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT  
BROWN COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Ripley Union Lewis Huntington Local School District  
Brown County  
120 Main Street  
Ripley, Ohio 45167

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Ripley Union Lewis Huntington Local School District, Brown County, Ohio (the District), as of and for the fiscal year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type 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 December 10, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management & Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

December 10, 2001

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

**Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2001**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$628,831	\$167,276	\$612,182	\$104,565
Receivables:				
Taxes	1,453,020	38,028	330,624	0
Accounts	5,073	0	0	0
Intergovernmental	14,563	192,357	0	3,189
Accrued Interest	3,082	0	0	0
Interfund Receivable	153,000	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	20,806	0	0	0
Prepaid Items	18,175	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	34,785	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for Retirement of General Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
 Total Assets and Other Debits	<b>\$2,331,335</b>	<b>\$397,661</b>	<b>\$942,806</b>	<b>\$107,754</b>



<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Agency</u>			
\$8,725	\$41,470	\$0	\$0	\$1,563,049
0	0	0	0	1,821,672
1,566	0	0	0	6,639
0	0	0	0	210,109
0	0	0	0	3,082
0	0	0	0	153,000
8,782	0	0	0	8,782
346	0	0	0	21,152
378	0	0	0	18,553
0	0	0	0	34,785
78,095	0	17,387,530	0	17,465,625
0	0	0	667,179	667,179
0	0	0	3,698,989	3,698,989
<u>\$97,892</u>	<u>\$41,470</u>	<u>\$17,387,530</u>	<u>\$4,366,168</u>	<u>\$25,672,616</u>

(continued)

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

**Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2001  
(Continued)**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b><i>Liabilities, Fund Equity and Other Credits:</i></b>				
<b><i>Liabilities:</i></b>				
Accounts Payable	\$52,923	\$2,963	\$0	\$37,304
Accrued Wages and Benefits	581,725	86,673	0	0
Compensated Absences Payable	34,034	0	0	0
Interfund Payable	0	131,000	0	22,000
Intergovernmental Payable	135,355	11,242	0	0
Deferred Revenue	1,257,318	125,070	275,627	3,189
Undistributed Monies	0	0	0	0
School Bus Aquisition Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
	<b>2,061,355</b>	<b>356,948</b>	<b>275,627</b>	<b>62,493</b>
Total Liabilities				
<b><i>Fund Equity and Other Credits:</i></b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	54,950	26,474	0	48,815
Reserved for Inventory	20,806	0	0	0
Reserved for Property Taxes	169,899	4,124	49,487	0
Reserved for Budget Stabilization	34,785	0	0	0
Unreserved:				
Undesignated (Deficit)	(10,460)	10,115	617,692	(3,554)
	<b>269,980</b>	<b>40,713</b>	<b>667,179</b>	<b>45,261</b>
Total Fund Equity and Other Credits				
Total Liabilities, Fund Equity and Other Credits	<b>\$2,331,335</b>	<b>\$397,661</b>	<b>\$942,806</b>	<b>\$107,754</b>

See accompanying notes to the general purpose financial statements.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Agency</u>			
\$0	\$0	\$0	\$0	\$93,190
17,166	0	0	0	685,564
6,090	0	0	628,432	668,556
0	0	0	0	153,000
16,557	0	0	73,744	236,898
4,952	0	0	0	1,666,156
0	41,470	0	0	41,470
0	0	0	284,000	284,000
0	0	0	3,379,992	3,379,992
<u>44,765</u>	<u>41,470</u>	<u>0</u>	<u>4,366,168</u>	<u>7,208,826</u>
0	0	17,387,530	0	17,387,530
21,294	0	0	0	21,294
31,833	0	0	0	31,833
0	0	0	0	130,239
0	0	0	0	20,806
0	0	0	0	223,510
0	0	0	0	34,785
0	0	0	0	613,793
<u>53,127</u>	<u>0</u>	<u>17,387,530</u>	<u>0</u>	<u>18,463,790</u>
<u>\$97,892</u>	<u>\$41,470</u>	<u>\$17,387,530</u>	<u>\$4,366,168</u>	<u>\$25,672,616</u>

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

**Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2001**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b><u>Revenues:</u></b>					
Property Taxes	\$1,568,772	\$34,759	\$417,111	\$0	\$2,020,642
Intergovernmental	5,884,942	823,820	52,179	92,937	6,853,878
Interest	82,692	1,026	0	26,219	109,937
Tuition and Fees	1,682	0	0	0	1,682
Rent	7,139	0	0	0	7,139
Extracurricular Activities	0	66,851	0	0	66,851
Gifts and Donations	4,231	2,975	0	0	7,206
Miscellaneous	183,161	9,965	0	1,841	194,967
<b>Total Revenues</b>	<b>7,732,619</b>	<b>939,396</b>	<b>469,290</b>	<b>120,997</b>	<b>9,262,302</b>
<b><u>Expenditures:</u></b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	3,114,910	256,654	0	93,860	3,465,424
Special	489,324	319,357	0	0	808,681
Vocational	390,913	8,366	0	1,601	400,880
Adult/Continuing	0	4,193	0	0	4,193
<b>Support Services:</b>					
Pupils	267,659	2,469	0	0	270,128
Instructional Staff	498,377	133,470	0	2,779	634,626
Board of Education	86,767	0	0	0	86,767
Administration	703,430	66,319	0	0	769,749
Fiscal	220,097	907	12,322	0	233,326
Business	0	2,133	0	0	2,133
Operation and Maintenance of Plant	866,202	163,934	0	0	1,030,136
Pupil Transportation	1,006,382	14,256	0	0	1,020,638
Central	50,704	5,830	0	4,163	60,697
Non-Instructional Services	621	31,551	0	0	32,172
Extracurricular Activities	105,402	42,108	0	0	147,510
Capital Outlay	1,107	0	0	1,036,910	1,038,017
<b>Debt Service:</b>					
Principal Retirement	0	0	315,500	0	315,500
Interest and Fiscal Charges	0	0	113,703	0	113,703
Intergovernmental	0	34,430	0	0	34,430
<b>Total Expenditures</b>	<b>7,801,895</b>	<b>1,085,977</b>	<b>441,525</b>	<b>1,139,313</b>	<b>10,468,710</b>
Excess of Revenues Over (Under) Expenditures	(69,276)	(146,581)	27,765	(1,018,316)	(1,206,408)
<b><u>Other Financing Sources (Uses):</u></b>					
Proceeds from Sale of Fixed Assets	1,821	0	0	0	1,821
Proceeds from Sale of Long Term Notes	284,000	0	0	0	284,000
Operating Transfers In	0	0	52,772	0	52,772
Operating Transfers Out	(56,130)	0	0	0	(56,130)
<b>Total Other Financing Sources (Uses)</b>	<b>229,691</b>	<b>0</b>	<b>52,772</b>	<b>0</b>	<b>282,463</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	160,415	(146,581)	80,537	(1,018,316)	(923,945)
Fund Balances at Beginning of Year (Restated - Note 21)	113,499	187,294	586,642	1,063,577	1,951,012
Decrease in Reserve for Inventory	(3,934)	0	0	0	(3,934)
<b>Fund Balances at End of Year</b>	<b>\$269,980</b>	<b>\$40,713</b>	<b>\$667,179</b>	<b>\$45,261</b>	<b>\$1,023,133</b>

See accompanying notes to the general purpose financial statements

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

**Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>						
Property Taxes	\$1,517,159	\$1,520,157	\$2,998	\$33,727	\$33,777	\$50
Intergovernmental	5,873,632	5,871,479	(2,153)	799,645	801,798	2,153
Interest	106,893	106,988	95	1,026	1,026	0
Tuition and Fees	1,642	1,682	40	0	0	0
Rent	4,144	4,144	0	0	0	0
Extracurricular Activities	0	0	0	66,691	66,851	160
Gifts and Donations	4,231	4,231	0	2,975	2,975	0
Miscellaneous	185,381	185,752	371	9,965	9,965	0
<b>Total Revenues</b>	<b>7,693,082</b>	<b>7,694,433</b>	<b>1,351</b>	<b>914,029</b>	<b>916,392</b>	<b>2,363</b>
<b><u>Expenditures:</u></b>						
Current:						
Instruction:						
Regular	3,150,531	3,150,531	0	316,413	316,413	0
Special	492,741	492,741	0	311,756	311,756	0
Vocational	388,938	388,938	0	8,366	8,366	0
Adult/Continuing	0	0	0	4,193	4,193	0
Support Services:						
Pupils	280,142	280,142	0	2,469	2,469	0
Instructional Staff	498,472	498,472	0	153,637	153,637	0
Board of Education	88,693	88,693	0	0	0	0
Administration	730,992	730,992	0	72,136	72,136	0
Fiscal	227,901	227,901	0	1,027	1,027	0
Business	0	0	0	2,133	2,133	0
Operation and Maintenance of Plant	904,435	904,435	0	175,220	175,220	0
Pupil Transportation	1,019,315	1,019,315	0	14,287	14,287	0
Central	46,314	46,314	0	5,830	5,830	0
Non-Instructional Services	621	621	0	66,425	66,425	0
Extracurricular Activities	109,316	109,316	0	42,783	42,783	0
Capital Outlay	2,100	2,100	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>7,940,511</b>	<b>7,940,511</b>	<b>0</b>	<b>1,176,675</b>	<b>1,176,675</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	(247,429)	(246,078)	1,351	(262,646)	(260,283)	2,363
<b><u>Other Financing Sources (Uses):</u></b>						
Proceeds from Sale of Long-Term Notes	284,000	284,000	0	0	0	0
Proceeds from Sale of Fixed Assets	1,821	1,821	0	0	0	0
Refund of Prior Year Expenditures	21,810	21,810	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(56,130)	(56,130)	0	0	0	0
Advances In	327,083	327,083	0	310,784	310,784	0
Advances Out	(470,980)	(470,980)	0	(188,887)	(188,887)	0
<b>Total Other Financing Sources (Uses)</b>	<b>107,604</b>	<b>107,604</b>	<b>0</b>	<b>121,897</b>	<b>121,897</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(139,825)	(138,474)	1,351	(140,749)	(138,386)	2,363
Fund Balances at Beginning of Year	664,031	664,031	0	187,354	187,354	0
Prior Year Encumbrances Appropriated	56,756	56,756	0	89,868	89,868	0
<b>Fund Balances at End of Year</b>	<b>\$580,962</b>	<b>\$582,313</b>	<b>\$1,351</b>	<b>\$136,473</b>	<b>\$138,836</b>	<b>\$2,363</b>

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$404,727	\$405,331	\$604	\$0	\$0	\$0	\$1,955,613	\$1,959,265	\$3,652
52,179	52,179	0	92,937	92,937	0	6,818,393	6,818,393	0
0	0	0	25,510	26,219	709	133,429	134,233	804
0	0	0	0	0	0	1,642	1,682	40
0	0	0	0	0	0	4,144	4,144	0
0	0	0	0	0	0	66,691	66,851	160
0	0	0	0	0	0	7,206	7,206	0
0	0	0	0	0	0	195,346	195,717	371
<u>456,906</u>	<u>457,510</u>	<u>604</u>	<u>118,447</u>	<u>119,156</u>	<u>709</u>	<u>9,182,464</u>	<u>9,187,491</u>	<u>5,027</u>
0	0	0	94,307	94,307	0	3,561,251	3,561,251	0
0	0	0	0	0	0	804,497	804,497	0
0	0	0	1,601	1,601	0	398,905	398,905	0
0	0	0	0	0	0	4,193	4,193	0
0	0	0	0	0	0	282,611	282,611	0
0	0	0	2,779	2,779	0	654,888	654,888	0
0	0	0	0	0	0	88,693	88,693	0
0	0	0	0	0	0	803,128	803,128	0
12,323	12,323	0	0	0	0	241,251	241,251	0
0	0	0	0	0	0	2,133	2,133	0
0	0	0	0	0	0	1,079,655	1,079,655	0
0	0	0	0	0	0	1,033,602	1,033,602	0
0	0	0	4,163	4,163	0	56,307	56,307	0
0	0	0	0	0	0	67,046	67,046	0
0	0	0	0	0	0	152,099	152,099	0
0	0	0	1,096,126	1,096,126	0	1,098,226	1,098,226	0
315,500	315,500	0	0	0	0	315,500	315,500	0
113,703	113,703	0	0	0	0	113,703	113,703	0
<u>441,526</u>	<u>441,526</u>	<u>0</u>	<u>1,198,976</u>	<u>1,198,976</u>	<u>0</u>	<u>10,757,688</u>	<u>10,757,688</u>	<u>0</u>
15,380	15,984	604	(1,080,529)	(1,079,820)	709	(1,575,224)	(1,570,197)	5,027
0	0	0	0	0	0	284,000	284,000	0
0	0	0	0	0	0	1,821	1,821	0
0	0	0	1,841	1,841	0	23,651	23,651	0
52,772	52,772	0	0	0	0	52,772	52,772	0
0	0	0	0	0	0	(56,130)	(56,130)	0
52,772	52,772	0	22,000	22,000	0	712,639	712,639	0
(52,772)	(52,772)	0	0	0	0	(712,639)	(712,639)	0
<u>52,772</u>	<u>52,772</u>	<u>0</u>	<u>23,841</u>	<u>23,841</u>	<u>0</u>	<u>306,114</u>	<u>306,114</u>	<u>0</u>
68,152	68,756	604	(1,056,688)	(1,055,979)	709	(1,269,110)	(1,264,083)	5,027
543,426	543,426	0	1,043,693	1,043,693	0	2,438,504	2,438,504	0
0	0	0	30,983	30,983	0	177,607	177,607	0
<u>\$611,578</u>	<u>\$612,182</u>	<u>\$604</u>	<u>\$17,988</u>	<u>\$18,697</u>	<u>\$709</u>	<u>\$1,347,001</u>	<u>\$1,352,028</u>	<u>\$5,027</u>

*Ripley Union Lewis Huntington Local School District  
Brown County*

*Combined Statement of Revenues,  
Expenses and Changes in Fund Equity  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2001*

	<b>Enterprise</b>
<b><u>Operating Revenues:</u></b>	
Sales	\$244,472
Charges for Services	66
Other Operating Revenues	157
Total Operating Revenue	244,695
<b><u>Operating Expenses:</u></b>	
Salaries	162,979
Fringe Benefits	61,378
Purchased Services	1,159
Materials and Supplies	66,011
Cost of Sales	241,800
Depreciation	5,461
Other	648
Total Operating Expenses	539,436
Operating Loss	(294,741)
<b><u>Non-Operating Revenues:</u></b>	
Federal Donated Commodities	29,959
Interest	2,090
Federal and State Subsidies	222,663
Total Non-Operating Revenues	254,712
Net Loss Before Transfers	(40,029)
Operating Transfers In	3,358
Net Loss	(36,671)
Retained Earnings at Beginning of Year	68,504
Retained Earnings at End of Year	31,833
Contributed Capital at Beginning of Year	20,629
Add: Addition of Fixed Assets	
Acquired by Contributed Capital	4,097
Less: Depreciation on Fixed Assets	
Acquired by Contributed Capital	(3,432)
Contributed Capital at End of Year	21,294
<b>Total Fund Equity at End of Year</b>	<b>\$53,127</b>

See accompanying notes to the general purpose financial statements



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

**Combined Statement of Revenues, Expenses and  
Changes in Fund Equity - Budget and Actual (Budget Basis)  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2001**

	<b>Enterprise</b>		<b>Variance Favorable (Unfavorable)</b>
	<b>Revised Budget</b>	<b>Actual</b>	
<b><u>Revenues:</u></b>			
Sales	244,471	244,471	0
Interest	2,090	2,090	0
Federal and State Subsidies	222,663	222,663	0
Total Revenues	<u>469,224</u>	<u>469,224</u>	<u>0</u>
<b><u>Expenses:</u></b>			
Salaries	166,042	166,042	0
Fringe Benefits	60,015	60,015	0
Purchased Services	1,538	1,538	0
Materials and Supplies	277,425	277,425	0
Other	648	648	0
Capital Outlay	2,455	2,455	0
Total Expenses	<u>508,123</u>	<u>508,123</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(38,899)	(38,899)	0
Operating Transfers In	3,358	3,358	0
Advances In	80,423	80,423	0
Advances Out	<u>(80,423)</u>	<u>(80,423)</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses, Transfers and Advances	(35,541)	(35,541)	0
Fund Equity at Beginning of Year	42,924	42,924	0
Prior Year Encumbrances Appropriated	<u>1,050</u>	<u>1,050</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$8,433</u></u>	<u><u>\$8,433</u></u>	<u><u>\$0</u></u>

See accompanying notes to the general purpose financial statements

*Ripley Union Lewis Huntington Local School District  
Brown County*

*Combined Statement of Cash Flows  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2001*

	<u>Enterprise</u>
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>	
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from Customers	\$244,471
Cash Payments to Suppliers for Goods and Services	(281,125)
Cash Payments to Employees for Services	(166,042)
Cash Payments for Employee Benefits	(60,015)
Cash Payments for Other Operating Expenses	(648)
	<hr/>
Net Cash Used for Operating Activities	(263,359)
	<hr/>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>	
Operating Grants Received	222,663
Operating Transfers In	3,358
Short-Term Loans from Other Funds	80,423
Repayment of Short-Term Loans	(80,423)
	<hr/>
Net Cash Provided by Noncapital Financing Activities	226,021
	<hr/>
<b><u>Cash Flows from Investing Activities:</u></b>	
Interest on Investments	2,090
	<hr/>
Net Decrease in Cash and Cash Equivalents	(35,248)
Cash and Cash Equivalents at Beginning of Year	43,973
	<hr/>
Cash and Cash Equivalents at End of Year	<u>\$8,725</u>
	<hr/>
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></b>	
Operating Loss	(\$294,741)
	<hr/>
<b><u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u></b>	
Depreciation	5,461
Donated Commodities Used During Year	29,959
<b><u>Changes in Assets and Liabilities:</u></b>	
Increase in Accounts Receivable	(413)
Increase in Prepaid Items	(201)
Increase in Inventory Held for Resale	(1,700)
Increase in Materials and Supply Inventory	(64)
Decrease in Accounts Payable	(150)
Decrease in Accrued Wages	(1,791)
Decrease in Compensated Absences Payable	(752)
Increase in Intergovernmental Payable	843
Increase in Deferred Revenue	190
	<hr/>
Total Adjustments	31,382
	<hr/>
Net Cash Used for Operating Activities	<u>(\$263,359)</u>
	<hr/>

See accompanying notes to the general purpose financial statements

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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

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

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

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

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

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

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

The Ripley Union School District was established in 1956 through the consolidation of existing land areas and school districts. The School District serves an area of 91 square miles. It is located in Brown County, including all of the Village of Ripley, Ohio, and portions of surrounding townships. The Board of Education controls the School District's two instructional support facilities staffed by 61 non-certificated and 93 teaching personnel and 13 administrative employees providing education to 1,433 students.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

**Reporting Entity**

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support, to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

Entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities include the Village of Ripley, Union Township Public Library, Booster Clubs and Parent Teacher Organizations.

The following activities are included within the reporting entity:

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 school by the Treasurer of the School District, as directed by the parochial school. This financial activity is reflected in a special revenue fund for financial reporting purposes.

The School District participates in four organizations, two of which are defined as jointly governed organizations, one as an insurance purchasing pool, and one as a public entity shared risk pool. These organizations are the South Central Ohio Computer Association (SCOCA), Hopewell Special Education Regional Resource Center (Hopewell), the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Brown County Schools Benefits Consortium. These organizations are presented in Notes 16, 17 and 18 to the general purpose financial statements.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

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

**A. Basis Of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial 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 recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

**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.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

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

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

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

Proprietary Fund Type:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Funds - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Type:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary funds' operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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. Available means that the resources will be collected 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 year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the 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

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, accounts, grants, and interest.

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, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is authorized to further allocate Board of Education appropriations to the function and object level for all funds.



Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Brown County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditure, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During fiscal year 2001, the School District's investments were limited to certificates of deposit, which are reported at cost.

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 2001 amounted to \$82,692 which includes \$52,417 assigned from other School District funds. The special revenue, capital projects and enterprise funds also received interest in the amounts of \$1,026, \$26,219, and \$2,090, respectively.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

**E. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories for governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, school supplies held for resale, and supplies and are expensed when used.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001 are recorded as prepaid items using the consumption method. A current asset for the prepaid item is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

**G. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand dollars. The School District does not have any infrastructure.

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of eight to twenty years.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

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

The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**I. Short-Term Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

**J. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences (including the retirement incentive) and contractually required pension obligations that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year end are considered not to have used current available financial resources. Bonds and long-term notes are reported as a liability of the general long-term obligations account group until due.

Long-term obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

**K. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**L. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that are not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation of those assets acquired or constructed with contributed capital is expensed and closed to contributed capital at year end.

**M. Fund Balance Reserves**

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventory of supplies, property taxes, and budget stabilization.

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

**N. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represents amounts required by statute to be set-aside by the School District for budget stabilization. See Note 20 for the additional information regarding set-asides.

**O. Estimates**

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

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

**P. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned “Totals-(Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type are 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/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).
4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING** (Continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$160,415	(\$146,581)	\$80,537	(\$1,018,316)
Adjustments:				
Revenue Accruals	(16,376)	(23,004)	(11,781)	0
Expenditure Accruals	(57,313)	(62,258)	0	26,205
Advances	(143,897)	121,897	0	22,000
Encumbrances	(81,303)	(28,440)	0	(85,868)
Budget Basis	(\$138,474)	(\$138,386)	\$68,756	(\$1,055,979)

Net Loss/Excess of Revenues Under  
Expenses, Transfers and Advances  
Proprietary Fund Type

	Enterprise
GAAP Basis	(\$36,671)
Adjustments:	
Revenue Accruals	(224)
Expense Accruals	(3,815)
Depreciation	5,461
Encumbrances	(292)
Budget Basis	(\$35,541)

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the 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;



Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 4 - DEPOSITS AND INVESTMENTS** (Continued)

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

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

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

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

Deposits: At fiscal year-end, the carrying amount of the School District's deposits was \$1,597,834 and the bank balance was \$1,816,155. Of the bank balance:

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 4 - DEPOSITS AND INVESTMENTS** (Continued)

1. \$300,000 was covered by federal depository insurance; and
2. \$1,516,155 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

Investments: The School District's only investments are certificates of deposit, which are classified as deposits for financial reporting and risk classification.

**NOTE 5 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half 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 located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001 on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true 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.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 5 - PROPERTY TAXES** (Continued)

Tangible personal property taxes paid 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.

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$56,307,590	81.69%	\$67,271,930	84.54%
Public Utility	9,344,810	13.56%	8,690,730	10.92%
Tangible Personal Property	3,277,457	4.75%	3,616,794	4.54%
Total Assessed Value	<u>\$68,929,857</u>	<u>100.00%</u>	<u>\$79,579,454</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$41.80		\$41.80	

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, 2001, are available to finance fiscal year 2001 operations. The available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding, the late settlement of personal property taxes and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2001 was \$169,899 in the General Fund, \$4,124 in the Classroom Facility Maintenance Special Revenue Fund, and \$49,487 in the Debt Service Fund.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2001 consisted of property taxes, accounts (student fees, tuition and charges for services), intergovernmental grants, interest and interfund. All receivables are considered collectible in full 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. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards.

A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund:	
Worth E. Grant	\$9,631
U.S. Marines ROTC Program Reimbursables	4,932
Total General Fund	<u>14,563</u>
Special Revenue Funds:	
Title I	82,149
Title VI-B	12,130
Scrap Tire Grant	91,625
Other Grant	6,453
Total Special Revenue Funds	<u>192,357</u>
Capital Project Funds:	
Vocational Educational Equipment Grant	1,325
SchoolNet Assistance	1,864
Total Special Revenue Funds	<u>3,189</u>
Total Intergovernmental Receivables	<u><u>\$210,109</u></u>

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 7 - FIXED ASSETS**

A summary of the changes in general fixed assets during fiscal year 2001 follows:

Asset Category	Balance at June 30, 2000	Additions	Deletions	Balance at June 30, 2001
Land and Land Improvements	\$880,966	\$0	\$0	\$880,966
Buildings and Improvements	10,934,714	3,697	0	10,938,411
Furniture, Fixtures and Equipment	2,654,706	154,884	6,043	2,803,547
Vehicles	1,115,540	295,521	92,040	1,319,021
Construction in Progress	296,724	1,148,861	0	1,445,585
Totals	<u>\$15,882,650</u>	<u>\$1,602,963</u>	<u>\$98,083</u>	<u>\$17,387,530</u>

A summary of the enterprise fund fixed assets at follows:

Furniture and Equipment	\$196,506
Less Accumulated Depreciation	<u>(118,411)</u>
Net Fixed Assets	<u>\$78,095</u>

**NOTE 8 - RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Nationwide Insurance Company for property and building blanket group coverage insurance. Professional liability is protected by the Nationwide Insurance Company with a \$5,000,000 aggregate limit under a commercial umbrella policy.

The School District's vehicles are covered by the Nationwide Insurance Company and hold a \$50 deductible for comprehensive and a \$100 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Vehicles are also covered under the commercial umbrella policy.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 8 - RISK MANAGEMENT** (Continued)

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

**B. Worker's Compensation**

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Grating Plan (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**C. Employee Medical Benefits**

The School District participates in the Brown County Schools Benefits Consortium (the Consortium), a public entity shared risk pool (Note 18) consisting of seven districts. The School District is responsible for providing a current listing of enrolled employees and for providing timely pro-rata payments of premiums to the Consortium for employee health coverage and benefits. 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 and all claims 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**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current 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 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$56,638, \$58,047, and \$90,725, respectively; 46.67 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$30,205 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$402,125, \$224,452, and \$189,588, respectively; 84.74 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$61,351 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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

**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 have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$190,480 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 million. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for



Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 10 - POSTEMPLOYMENT BENEFITS** (Continued)

partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$155,396.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for teachers and administrators, and 190 days for classified personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 50 days for teachers and administrators. Classified personnel, upon retirement, are paid for 45 days of their accrued, but unused sick leave credit.

**B. Early Retirement Incentive**

The School District offers an Early Retirement Incentive (Super-Severance) program to all employees who are eligible to retire from either SERS or STRS. The employee must take advantage of the program during the first year of eligibility. If eligible, a teacher may choose a lump sum \$10,000 or a payment equal to 100% of their accumulated sick leave credit paid at severance.

**C. Insurance and Benefits**

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

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 12 - LONG-TERM OBLIGATIONS**

The change in the School District's long-term obligations during the fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
Vehicle Acquisition Bonds 6/19/1996 4.1-4.5%	\$50,500	\$0	\$50,500	\$0
School Improvement Refunding Bonds 2/12/1998 3.95-5.05%	2,369,992	0	205,000	2,164,992
School Improvement Bonds 7/1/1998 4.75-5.05%	1,275,000	0	60,000	1,215,000
Vehicle Acquisition Notes 12/1/00 5.30%	0	284,000	0	284,000
Total General Obligation Debt	3,695,492	284,000	315,500	3,663,992
Compensated Absences	600,733	27,699	0	628,432
Intergovernmental Payable	64,687	73,744	64,687	73,744
Total General Long-Term Obligations	<u>\$4,360,912</u>	<u>\$385,443</u>	<u>\$380,187</u>	<u>\$4,366,168</u>

***General Obligation Debt for Vehicle Acquisition Bonds***

On June 19, 1996, the School District issued \$202,000 in general obligation bonds for the purpose of acquiring school buses and other equipment used in transporting pupils. The bonds were issued for a four year period and matured on September 1, 2000.

***General Obligation Debt for School Improvement Bond***

On February 12, 1998 the School District issued \$2,749,992 in School Improvement Refunding Bonds to defease the 1991 general obligation bonds by entering into an escrow agreement with Star Bank (Note 13). The bonds were issued for a seventeen year period with final maturity on December 1, 2014. The principal and interest will be paid from the debt service fund.

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

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 12 - LONG-TERM OBLIGATIONS** (Continued)

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

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

The School District's overall legal debt margin was \$4,449,339 with an unvoted debt margin of \$79,579 at June 30, 2001.

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences and intergovernmental payables will be paid from the funds from which the employees' salaries are paid.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2001 are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$326,093	\$115,474	\$441,567
2003	338,801	101,218	440,019
2004	356,653	86,178	442,831
2005	374,637	70,094	444,731
2006	392,816	52,827	445,643
2007-2011	1,128,774	727,965	1,856,739
2012-2015	<u>746,218</u>	<u>596,432</u>	<u>1,342,650</u>
Totals	<u><u>\$3,663,992</u></u>	<u><u>\$1,750,188</u></u>	<u><u>\$5,414,180</u></u>

**NOTE 13 - DEFEASANCE OF GENERAL OBLIGATION BONDS**

On November 1, 1997 the School District entered into an Escrow Trust Agreement with Star Bank, N.A., in anticipation of the February 12, 1998 Bond Issue. The agreement provided for the deposit by the School District of \$3,042,518 into an irrevocable trust with the bank for the payment to final maturity of outstanding General Obligation Bonds. The funds deposited, together with interest earned thereon, is sufficient to pay annual bond principal and semiannual interest payments, thus providing an in-substance defeasance.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 13 - DEFEASANCE OF GENERAL OBLIGATION BONDS** (Continued)

The in-substance defeasance occurred for the following General Obligation Bond issue:

<u>Name of Bond Issue</u>	Original Issue	Unmatured and Unpaid at June 30, 2001
1991 Acquisition/Reconstruction/ Remodeling Bonds	\$3,188,000	\$2,460,000

The defeased debt and balance in the escrow account are not reported on the balance sheet.

**NOTE 14 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Ripley Union Lewis Huntington Local School District as of and for the fiscal year ended June 30, 2001.

	Food Service	Uniform School Supplies	Adult Education	Total Enterprise Funds
Operating Revenues	\$209,135	\$35,560	\$0	\$244,695
Depreciation Expense	5,461	0	0	5,461
Operating Loss	(289,381)	(5,360)	0	(294,741)
Donated Commodities	29,959	0	0	29,959
Operating Grants	222,663	0	0	222,663
Capital Contribution	4,097	0	0	4,097
Operating Transfers In	227	3,131	0	3,358
Net Income (Loss)	(34,442)	(2,229)	0	(36,671)
Increase in Fixed Assets	4,097	0	0	4,097
Net Working Capital	(28,913)	9,388	647	(18,878)
Total Assets	87,667	9,578	647	97,892
Total Equity	43,092	9,388	647	53,127
Encumbrances Outstanding at June 30, 2001	0	292	0	292

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 15 - INTERFUND ACTIVITY**

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable
<b>General Fund</b>	\$153,000	\$0
<b>Special Revenue Funds:</b>		
Scrap Tire Grant Grants	0	130,000
Other Grants	0	1,000
Total Special Revenue Funds	0	131,000
<b>Capital Projects Fund:</b>		
Building Fund	0	22,000
<b>Total All Funds</b>	\$153,000	\$153,000

**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

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 Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton and Lawrence 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 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 \$5,680 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

The Hopewell Special Education Regional Resource Center (Hopewell) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school districts to offer direct and related services to low incidence handicapped students of the region. Seventeen local, city, and exempted village school districts receive services from Hopewell. Hopewell is operated under regulations and policies established by the Ohio Department of Education, and its own governing board. The governing board is made up of superintendents from the seventeen school districts, plus a representative from the county board of education, a representative from the board of mental retardation and developmental disabilities, two joint vocational school superintendents and five parents of handicapped children living in the region. The

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS** (Continued)

Clinton-Fayette-Highland Educational Service District acts as fiscal agent. Hopewell receives funding from the contracts with each of the member school districts and Federal and State grants. To obtain financial information write to Hopewell at the Clinton-Fayette-Highland Educational Service District, 62 Laurel Dr., Wilmington, Ohio 45177.

**NOTE 17 - INSURANCE PURCHASING POOL**

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**NOTE 18 - PUBLIC ENTITY SHARED RISK POOL**

The Brown County Schools Benefits Consortium, a public entity shared risk pool currently operates to provide health insurance coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Six Brown County school districts (Eastern, Fayetteville-Perry, Georgetown, Ripley Union Lewis Huntington, Southern Hills Joint Vocational and Western Brown Schools) entered into an agreement with the Brown County Educational Service Center to form the Brown County Schools Benefits Consortium. The overall objectives of the consortium are to formulate and administer a program of health insurance for the benefit of the consortium members' employees and their dependents, to obtain lower costs for health coverage, and to secure cost control by implementing a program of comprehensive loss control. The School District pays premiums based on what the consortium estimates will cover the costs of all claims for which the consortium is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The consortium views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information write to the Brown County Educational Service Center at 325 West State St., Georgetown, Ohio 45121.

**NOTE 19 - CONSTRUCTION COMMITMENTS**

The School District has entered into contracts for the design and construction of new athletic fields for both the elementary and high school. Outstanding construction commitments at are as follows:

<u>Contractor Name</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At 6/30/01</u>
John & Co	\$12,640	\$7,622	\$5,018

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 20 - SET-ASIDE CALCULATIONS**

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

For fiscal year ended June 30, 2001, the School District was no longer required to set aside funds in the budget reserve set-aside, with the exception of monies received from the Bureau of Workers' Compensation, which must be retained for budget stabilization or spent for specified purposes.

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

	Textbooks	Capital Acquisitions	Budget Stabilization
Set-aside Reserve Balance as of June 30, 2000	\$0	\$0	\$88,118
Prior year excess disbursement carry forward	(38,399)	0	0
Current year set-aside requirement	149,663	149,663	0
Offset Credits	0	(33,778)	0
Reduction due to legislative changes	0	0	(53,333)
Qualifying disbursements	(204,404)	(225,429)	0
Set-Aside Balance Carried Forward to Future Fiscal Years	(\$93,140)	\$0	\$34,785
Set-Aside Reserve Balance as of June 30, 2001			\$34,785

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount to below zero. This extra amount may be used to reduce the set-aside requirement in future fiscal years. Although the School District had qualifying disbursements during the year that reduced the set-aside amounts to below zero for capital acquisition, this extra amount may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the capital acquisition set-aside. The total reserve balance for the set-asides at the end of the fiscal year was \$34,785.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**NOTE 21 - CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT OF FUND BALANCE**

**Change in Accounting Principle:**

For fiscal year 2001, the School District has implemented *GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions"*, and *GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues"*. The implementation of these pronouncements had no effect on the financial statements.

**Correction of an Error:**

The School District restated the Special Revenue Funds' beginning balance to recognize intergovernmental receivables at July 1, 2000.

	<u>Special Revenue Funds</u>
Fund Balances, June 30, 2000	\$121,423
Intergovernmental Receivable	65,871
Restated Fund Balances, June 30, 2000	<u>\$187,294</u>

**NOTE 22 - ACCOUNTABILITY**

Fund balances at June 30, 2001, included the following individual fund deficits:

<u>Special Revenue Funds</u>	<u>Fund Balance</u>
Disadvantaged Pupil Impact Aid	(\$11,604)
Title VI	(\$6,885)
Extended Learning Opportunities	(\$423)
Miscellaneous State Grants	(\$121,030)

The deficit in these funds are due to adjustments for accrued liabilities. The general fund is liable for the deficits and provides operating transfers when cash is required, not when accruals occur.



Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 23 - CONTINGENCIES**

**Grants:**

The School District received financial assistance from federal and state agencies in the forms 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 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, 2001 .

**Litigation:**

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

**NOTE 24 - SUBSEQUENT EVENTS**

**School Funding:**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 21, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**NOTE 24 - SUBSEQUENT EVENTS** (Continued)

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**Classroom Facilities Project:**

In July of 2001, the School District entered into an agreement with the Ohio School Facilities Commission for renovations/additions to the District's buildings. The state share of the project is \$20,688,074 and the local share is \$1,557,000. In November of 2001, the School District's electors approved a bond issue to provide for the local share of the project.

**RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT  
BROWN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$28,675	\$0	\$29,959
School Breakfast Program	05-PU-00	10.553	5,385	0	5,385	0
	05-PU-01	10.553	43,108	0	43,108	0
			<u>48,493</u>	<u>0</u>	<u>48,493</u>	<u>0</u>
National School Lunch Program	LL-P1-00	10.555	14,099	0	14,099	0
	LL-P4-00	10.555	2,761	0	2,761	0
	LL-P1-01	10.555	118,462	0	118,462	0
	LL-P4-01	10.555	23,725	0	23,725	0
			<u>159,047</u>	<u>0</u>	<u>159,047</u>	<u>0</u>
Total U.S. Department of Agriculture - Nutrition Cluster			<u>207,540</u>	<u>28,675</u>	<u>207,540</u>	<u>29,959</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title 1 Grants to Local Educational Agencies	C1-S1-99	84.010	0	0	23,675	0
	C1-S1-00	84.010	65,871	0	60,443	0
	C1-S1-01	84.010	272,356	0	252,919	0
			<u>338,227</u>	<u>0</u>	<u>337,037</u>	<u>0</u>
Special Education - Grants to States	6B-SF-00	84.027	10,103	0	21,958	0
	6B-SF-01	84.027	82,341	0	71,658	0
			<u>92,444</u>	<u>0</u>	<u>93,616</u>	<u>0</u>
Safe and Drug -Free Schools and Communities-State Grants	DR-S1-01	84.186	6,113	0	6,113	0
Goals 2000-State and Local Education Systemic Improvement	G2-S2-00	84.276	14,000	0	510	0
	G2-SP-00	84.276	0	0	23,549	0
	G2-S1-01	84.276	28,598	0	10,224	0
	G2-S2-01	84.276	13,000	0	0	0
			<u>55,598</u>	<u>0</u>	<u>34,283</u>	<u>0</u>
Eisenhower Professional Development State Grants	MS-S1-00	84.281	0	0	2,014	0
	MS-S1-01	84.281	8,121	0	8,121	0
			<u>8,121</u>	<u>0</u>	<u>10,135</u>	<u>0</u>
Innovative Educational Program Strategies	C2-S1-99	84.298	0	0	468	0
	C2-S1-00	84.298	0	0	90	0
	C2-S1-01	84.298	7,295	0	7,075	0
			<u>7,295</u>	<u>0</u>	<u>7,633</u>	<u>0</u>
Technology Literacy Challenge Fund Grants	TF-34-00	84.318	0	0	60,921	0
Classroom Reduction	CR-S1-00	84.340	6,505	0	18,148	0
	CR-S1-01	84.340	43,052	0	29,898	0
			<u>49,557</u>	<u>0</u>	<u>48,046</u>	<u>0</u>

**RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT  
BROWN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Learn and Serve America School	SV-S3-99	94.004	2,000	0	2,678	0
	SV-S3-98	94.004	400		2,000	
	G2-SV-01	94.004	30,000	0	29,543	0
			<u>32,400</u>	<u>0</u>	<u>34,221</u>	<u>0</u>
Total Ohio Department of Education			<u>589,755</u>	<u>0</u>	<u>632,005</u>	<u>0</u>
<i>Passed Through Ohio Governor's Community Service Council:</i>						
<i>State Commissions:</i>						
Local Coalition	AGE-300	94.003	8,703	0	5,966	0
			<u>8,703</u>	<u>0</u>	<u>5,966</u>	<u>0</u>
Total U.S. Department of Education			<u>598,458</u>	<u>0</u>	<u>637,971</u>	<u>0</u>
<b>Totals</b>			<b><u>\$805,998</u></b>	<b><u>\$28,675</u></b>	<b><u>\$845,511</u></b>	<b><u>\$29,959</u></b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT  
BROWN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2001**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had an insignificant amount of food commodities in their inventory.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Ripley Union Lewis Huntington Local School District  
Brown County  
120 Main Street  
Ripley, Ohio 45167

To the Board of Education:

We have audited the financial statements of Ripley Union Lewis Huntington Local School District, Brown County, Ohio (the District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 10, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated December 10, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 10, 2001.

Ripley Union Lewis Huntington Local School District  
Brown County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, the Board of Education, 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.

**Jim Petro**  
Auditor of State

December 10, 2001





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

Ripley Union Lewis Huntington Local School District  
Brown County  
120 Main Street  
Ripley, Ohio 45167

To the Board of Education:

### **Compliance**

We have audited the compliance of Ripley Union Lewis Huntington Local School District, Brown County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

### **Internal Control Over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

December 10, 2001

**RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT  
BROWN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Education Agencies - CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT**

**BROWN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 15, 2002**