

Ripley Union Lewis Huntington Local School District  
Brown County, Ohio

Single Audit

July 1, 2009 through June 30, 2010  
Fiscal Year Audited Under GAGAS: 2010



**Balestra, Harr & Scherer, CPAs, Inc.**

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Columbus, OH | Circleville, OH | Piketon, OH | Wheelersburg, OH | Ironton, OH

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# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Ripley Union Lewis Huntington Local School District, Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

March 15, 2011

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**Ripley Union Lewis Huntington Local School District**  
Table of Contents

TITLE	PAGE
Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	3
Basic Financial Statements:	
Government – Wide Financial Statements:	
Statement of Net Assets .....	12
Statement of Activities .....	13
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	15
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund .....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Food Service Fund.....	20
Statement of Fiduciary Assets and Liabilities – Agency Fund .....	21
Notes to the Basic Financial Statements .....	22
Schedule of Federal Awards Receipts and Expenditures .....	54
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	55
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	56
Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	58
Schedule of Findings – OMB Circular A-133 § 505 .....	60



### Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ripley Union Lewis Huntington Local School District (the School District), Brown County, Ohio, as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States, *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

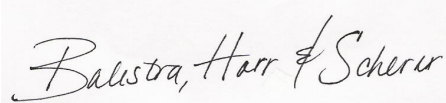
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ripley Union Lewis Huntington Local School District, as of June 30, 2010, and the respective changes in financial position thereof, and the respective budgetary comparisons for the General Fund and Food Service Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2011, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Members of the Board  
Ripley Union Lewis Huntington Local School District  
Independent Auditor's Report  
Page 2

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Balestra, Harr & Scherer, CPAs, Inc.  
January 19, 2011

**Ripley Union Lewis Huntington Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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As management of the Ripley Union Lewis Huntington Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements to enhance their understanding of the School District's performance.

This discussion and analysis of Ripley Union Lewis Huntington Local School District's financial performance is intended to serve as an introduction to the School District's basic financial statements, and provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. Ripley Union Lewis Huntington Local School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

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

**Financial Highlights**

- The assets of the Ripley Union Lewis Huntington Local School District exceeded its liabilities at June 30, 2010 by \$29,604,559.
- The School District's net assets decreased by \$901,861 during this fiscal year's operations.
- General revenues accounted for \$9,236,499 or 74 percent of all revenues. Program specific revenues in the form of charges for services, sales, grants, contributions and interest accounted for \$3,163,382 or 26 percent of total governmental revenues.
- The School District had \$12,399,881 in expenses related to governmental activities; only \$3,163,382 of these expenses were offset by program specific charges for services, sales, grants, contributions and interest.



**Ripley Union Lewis Huntington Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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

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

The *statement of net assets* and *statement of activities* provides information about the activities of the School District as a whole, and present a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund financial statements also look at the School District's major funds, with all other nonmajor funds presented in total in one column. The major funds for the Ripley Union Lewis Huntington Local School District are the General, Food Service, Bond Retirement, and Construction Funds.

### **Reporting the School District as a Whole**

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2010?" The *statement of net assets* and the *statement of activities*, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include *all assets* and *liabilities* using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

### **Reporting the School District's Most Significant Funds**

#### **Fund Financial Statements**

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

**Ripley Union Lewis Huntington Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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

**Fiduciary Funds** - The School District's fiduciary fund is an agency fund. We exclude this activity from the School District's other financial statements because the School District cannot use these assets to finance its operations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

**The School District as a Whole**

Recall that the statement of net assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for fiscal years 2010 and 2009:

(Table 1)  
Net Assets  
Governmental Activities

	2010	2009	Change
<b>Assets</b>			
Current and Other Assets	\$7,150,150	\$7,035,983	\$114,167
Capital Assets, Net	28,631,980	30,023,848	(1,391,868)
Total Assets	<u>35,782,130</u>	<u>37,059,831</u>	<u>(1,277,701)</u>
<b>Liabilities</b>			
Other Liabilities	2,966,079	3,042,291	(76,212)
Long-Term Liabilities	3,211,492	3,511,120	(299,628)
Total Liabilities	<u>6,177,571</u>	<u>6,553,411</u>	<u>(375,840)</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	26,086,519	27,162,063	(1,075,544)
Restricted	3,288,997	3,443,103	(154,106)
Unrestricted (Deficit)	229,043	(98,746)	327,789
Total Net Assets	<u>\$29,604,559</u>	<u>\$30,506,420</u>	<u>(\$901,861)</u>

**Ripley Union Lewis Huntington Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Total net assets decreased by \$901,861. This was due to a capital assets decrease of \$1,391,868, due primarily to current year depreciation exceeding current year additions. Long-term liabilities decreased by \$299,628, due primarily to annual principal payments related to the general obligation bonds. Current assets decreased by \$114,167, due mainly to an decrease in property tax receivable of \$152,689.

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

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

(Table 2)  
Change in Net Assets  
Governmental Activities

	2010	2009	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services and Sales	\$571,103	\$616,607	(\$45,504)
Operating Grants, Contributions and Interest	2,585,420	2,255,328	330,092
Capital Grants and Contributions	6,859	9,000	(2,141)
Total Program Revenues	3,163,382	2,880,935	282,447
General Revenues:			
Property Taxes	2,326,446	2,461,016	(134,570)
Grants and Entitlements not Restricted to Specific Programs	6,750,418	6,840,454	(90,036)
Investment Earnings	15,591	61,508	(45,917)
Gifts and Donations	994	2,930	(1,936)
Miscellaneous	143,050	124,031	19,019
Total General Revenues	9,236,499	9,489,939	(253,440)
Total Revenues	\$12,399,881	\$12,370,874	\$29,007

*(continued)*

**Ripley Union Lewis Huntington Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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

	2010	2009	Change
<b>Program Expenses</b>			
Instruction:			
Regular	\$5,456,997	\$5,273,196	\$183,801
Special	1,401,706	1,400,055	1,651
Vocational	501,485	553,134	(51,649)
Student Intervention Services	151,289	241,822	(90,533)
Support Services:			
Pupils	463,269	359,652	103,617
Instructional Staff	886,919	753,104	133,815
Board of Education	128,238	108,931	19,307
Administration	891,224	934,915	(43,691)
Fiscal	353,780	339,835	13,945
Operation and Maintenance of Plant	1,126,070	1,132,052	(5,982)
Pupil Transportation	648,223	692,484	(44,261)
Central	85,217	90,906	(5,689)
Operation of Non-Instructional Services:			
Food Services	605,019	635,438	(30,419)
Other	39,853	26,568	13,285
Extracurricular Activities	292,807	321,624	(28,817)
Intergovernmental	30,339	54,124	(23,785)
Interest and Fiscal Charges	239,307	238,269	1,038
Total Expenses	13,301,742	13,156,109	145,633
Decrease in Net Assets Before			
Decrease in Net Assets	(901,801)	(785,235)	(116,566)
Net Assets at Beginning of Year	30,506,420	31,291,655	(785,235)
Net Assets at End of Year	\$29,604,619	\$30,506,420	(\$901,801)

Program revenues increased by \$282,447, due mainly to increases in intergovernmental revenues related to the new ARRA grants in fiscal year 2010. General revenues decreased by \$253,440, due primarily to decreases in property taxes related to the phase out of tangible personal property taxes.

Program expenses increased \$145,633. Regular instruction increased by \$183,801, and support services: pupils and instructional staff increased by \$103,617 and \$133,815, respectively. The increases in expenses are due primarily to spending additional money that was received through federal stimulus programs.

**Ripley Union Lewis Huntington Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

**Governmental Activities**

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

(Table 3)

Governmental Activities

	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2010	2009	2010	2009
Instruction	\$7,511,477	\$7,468,207	\$5,544,868	\$5,605,753
Support Services	4,582,940	4,411,879	4,102,893	4,094,204
Operation of Non-				
Instructional Services	644,872	662,006	25,048	53,798
Extracurricular Activities	292,807	321,624	240,148	271,219
Intergovernmental	30,339	54,124	(13,904)	11,931
Interest and Fiscal Charges	239,307	238,269	239,307	238,269
Total Expenses	<u>\$13,301,742</u>	<u>\$13,156,109</u>	<u>\$10,138,360</u>	<u>\$10,275,174</u>

**The School District's Funds**

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$12,455,287 and expenditures of \$12,203,318. The net change in fund balance for the fiscal year was most significant in the General Fund, with an increase of \$334,947. The increase was due to an overall decrease in expenses. The net change in fund balance for the fiscal year in the Food Service and Bond Retirement Funds was an increase of \$57,371 and a decrease of \$91,406, respectively.

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

**Ripley Union Lewis Huntington Local School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2010  
 Unaudited

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**General Fund - Budget Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. During the course of fiscal year 2010, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

The School District's ending unobligated cash balance was \$747 above the final budgeted amount in the General Fund.

For the General Fund, original budgeted revenues were \$9,407,273 and final budgeted revenues were \$9,351,367. This represents a decrease in estimated revenue of \$55,906, which was primarily due to a decrease in intergovernmental revenue and property taxes. The difference between actual budget basis revenues and final budgeted revenues was \$747.

Original budgeted expenditures in the General Fund were \$9,370,174 and final budgeted expenditures were \$9,134,080. This represents a decrease in estimated expenditures of \$236,094, which was primarily due to a \$103,396 decrease in regular instruction and small decreases in all other expenditure line items. The difference between actual budget basis expenditures and final budgeted expenditures was \$0. Prior to fiscal year-end, the School District passed a supplemental appropriation that matched appropriations to expenditures and encumbrances for the fiscal year.

**Capital Assets and Debt**

***Capital Assets***

The Ripley Union Lewis Huntington Local School District's investment in capital assets as of June 30, 2010 was \$28,631,980. This investment in capital assets includes land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2010 balances compared to fiscal year 2009:

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

	2010	2009
Land	\$289,313	\$289,313
Buildings and Improvements	27,635,581	28,925,256
Furniture and Equipment	637,187	703,907
Vehicles	69,899	105,372
Totals	<u>\$28,631,980</u>	<u>\$30,023,848</u>

**Ripley Union Lewis Huntington Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

Net capital assets decreased \$1,391,868 from the prior fiscal year. This is due mainly to depreciation expense during the fiscal year.

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

**Debt**

At June 30, 2010 the School District had \$2,164,422 in bonds outstanding. \$285,420 of the bonds outstanding represents the amounts due within one year. Table 5 summarizes bonds outstanding:

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

	2010	2009
General Obligation Bonds:		
1998 School Improvement Refunding Bonds 3.95%-5.05%	\$506,639	\$626,509
1998 School Improvement Bonds 4.75%-5.05%	455,000	555,000
2003 Classroom Facilities Bonds 2.0%-9.914%	1,117,000	1,187,000
Accretion on Capital Appreciation Bonds	85,783	70,583
Totals	\$2,164,422	\$2,439,092

The School District's overall legal debt margin was \$7,056,714, and the unvoted debt margin was \$101,504 at June 30, 2010.

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

**Current Financial Issues and Concerns**

The challenge that the School District has faced is maintaining an operational budget for the facilities at a point when enrollment is declining and State revenues are uncertain. The District has 284,780 square feet of building space. Utilities and services costs are projected to continue to increase.

State revenues are approximately 75% of this District's projected General operational revenues, thus variations in the State budget significantly impact our overall educational program. Changes in the State economy and pending legal disputes could affect the School District's revenues next year. The State funding for schools is based on several factors, all of which are subject to deliberations and approval of the Ohio General Assembly. School funding beyond fiscal year 2011 will be set as part of the State's biennial budget for fiscal years 2012 and 2013. Due to the economic conditions within the State and the anticipated shortfall in tax revenues in the next biennial budget, the level at which the State will fund schools is uncertain.

***Ripley Union Lewis Huntington Local School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010  
Unaudited

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

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Vivian Armour, Treasurer, at Ripley Union Lewis Huntington Local School District, 120 Main Street, Ripley, Ohio 45167.



**Ripley Union Lewis Huntington Local School District**

Statement of Net Assets

June 30, 2010

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,549,946
Materials and Supplies Inventory	42,858
Inventory Held for Resale	3,724
Accrued Interest Receivable	871
Accounts Receivable	21,472
Intergovernmental Receivable	304,236
Prepaid Items	29,742
Property Taxes Receivable	2,189,123
Deferred Charges	8,178
Capital Assets:	
Land	289,313
Depreciable Capital Assets, Net	<u>28,342,667</u>
<i>Total Assets</i>	<u>35,782,130</u>
<b>Liabilities</b>	
Accounts Payable	18,976
Accrued Wages and Benefits Payable	871,857
Intergovernmental Payable	294,904
Accrued Interest Payable	80,546
Accrued Vacation Leave Payable	56,237
Deferred Revenue	1,643,559
Long-Term Liabilities:	
Due Within One Year	339,029
Due in More Than One Year	<u>2,872,463</u>
<i>Total Liabilities</i>	<u>6,177,571</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	26,086,519
Restricted for:	
Debt Service	932,724
Capital Projects	1,902,926
Other Purposes	453,347
Unrestricted	<u>229,043</u>
<i>Total Net Assets</i>	<u><u>\$29,604,559</u></u>

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**

Statement of Activities

For the Fiscal Year Ended June 30, 2010

	Expenses	Charges for Services and Sales	Program Revenues Operating Grants, Contributions and Interest
<b>Governmental Activities</b>			
Instruction:			
Regular	\$5,456,997	\$335,185	\$274,002
Special	1,401,706	0	1,145,006
Vocational	501,485	5,013	60,203
Student Intervention Services	151,289	0	147,200
Support Services:			
Pupils	463,269	0	5,122
Instructional Staff	886,919	0	264,515
Board of Education	128,238	0	0
Administration	891,224	0	147,661
Fiscal	353,780	0	0
Operation and Maintenance of Plant	1,126,070	5,179	0
Pupil Transportation	648,223	0	45,711
Central	85,217	0	5,000
Operation of Non-Instructional Services:			
Food Services	605,019	173,067	424,544
Other	39,853	0	22,213
Extracurricular Activities	292,807	52,659	0
Intergovernmental	30,339	0	44,243
Interest and Fiscal Charges	239,307	0	0
<i>Total Governmental Activities</i>	<i>\$13,301,742</i>	<i>\$571,103</i>	<i>\$2,585,420</i>

**General Revenues**

Property Taxes Levied for:  
  General Purposes  
  Capital Outlay  
  Debt Service  
Grants and Entitlements not  
  Restricted to Specific Programs  
Investment Earnings  
Gifts and Donations  
Miscellaneous

*Total General Revenues*

*Change in Net Assets*

*Net Assets at Beginning of Year*

*Net Assets at End of Year*

See accompanying notes to the basic financial statements

Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets  Governmental Activities
\$0	(\$4,847,810)
0	(256,700)
0	(436,269)
0	(4,089)
0	(458,147)
0	(622,404)
0	(128,238)
0	(743,563)
0	(353,780)
0	(1,120,891)
0	(602,512)
6,859	(73,358)
0	(7,408)
0	(17,640)
0	(240,148)
0	13,904
0	(239,307)
\$6,859	(10,138,360)

1,940,626
37,321
348,499
6,750,418
15,591
994
143,050
9,236,499
(901,861)
30,506,420
\$29,604,559

**Ripley Union Lewis Huntington Local School District**

Balance Sheet  
Governmental Funds  
June 30, 2010

	General Fund	Food Service Fund	Bond Retirement Fund	Construction Fund	All Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$1,028,951	\$142,922	\$951,594	\$1,876,059	\$524,526	\$4,524,052
Materials and Supplies Inventory	40,557	949	0	0	1,352	42,858
Inventory Held for Resale	0	3,724	0	0	0	3,724
Accrued Interest Receivable	871	0	0	0	0	871
Accounts Receivable	10,198	0	0	0	11,274	21,472
Interfund Receivable	199,987	0	0	0	0	199,987
Intergovernmental Receivable	12,752	51,477	0	0	240,007	304,236
Prepaid Items	27,163	2,040	0	0	539	29,742
Property Taxes Receivable	1,785,900	0	367,133	0	36,090	2,189,123
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	25,894	0	0	0	0	25,894
<b>Total Assets</b>	<b>\$3,132,273</b>	<b>\$201,112</b>	<b>\$1,318,727</b>	<b>\$1,876,059</b>	<b>\$813,788</b>	<b>\$7,341,959</b>
<b>Liabilities</b>						
Accounts Payable	\$8,667	\$2,787	\$0	\$0	\$7,522	\$18,976
Accrued Wages and Benefits Payable	673,699	18,864	0	0	179,294	871,857
Interfund Payable	0	0	0	0	199,987	199,987
Intergovernmental Payable	235,885	8,805	0	0	50,214	294,904
Deferred Revenue	1,476,041	0	336,814	0	105,353	1,918,208
<b>Total Liabilities</b>	<b>2,394,292</b>	<b>30,456</b>	<b>336,814</b>	<b>0</b>	<b>542,370</b>	<b>3,303,932</b>
<b>Fund Balances</b>						
Reserved for Encumbrances	91,679	3,676	0	13,985	122,961	232,301
Reserved for Property Taxes	319,632	0	30,319	0	6,213	356,164
Reserved for Bus Purchases	25,894	0	0	0	0	25,894
Unreserved:						
Undesignated, Reported in:						
General Fund	300,776	0	0	0	0	300,776
Special Revenue Funds	0	166,980	0	0	142,244	309,224
Debt Service Fund	0	0	951,594	0	0	951,594
Capital Projects Funds	0	0	0	1,862,074	0	1,862,074
<b>Total Fund Balances</b>	<b>737,981</b>	<b>170,656</b>	<b>981,913</b>	<b>1,876,059</b>	<b>271,418</b>	<b>4,038,027</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$3,132,273</b>	<b>\$201,112</b>	<b>\$1,318,727</b>	<b>\$1,876,059</b>	<b>\$813,788</b>	<b>\$7,341,959</b>

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2010

**Total Governmental Fund Balances** \$4,038,027

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

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

Land	289,313	
Other capital assets	42,417,547	
Accumulated depreciation	<u>(14,074,880)</u>	
Total capital assets		28,631,980

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

Deferred revenues changed by these amounts:

Delinquent property taxes	189,400	
Intergovernmental	67,135	
Interest	489	
Tuition and fees	<u>17,625</u>	
		274,649

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

(80,546)

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

8,178

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

Bonds payable	(2,078,639)	
Accretion on bonds	(85,783)	
Capital leases	(475,000)	
Compensated absences	(572,070)	
Accrued vacation leave payable	<u>(56,237)</u>	
		<u>(3,267,729)</u>

**Net Assets of Governmental Activities** \$29,604,559

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2010

	General Fund	Food Service Fund	Bond Retirement Fund	Construction Fund	All Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$1,927,652	\$0	\$346,097	\$0	\$37,162	\$2,310,911
Intergovernmental	7,028,553	423,904	58,597	0	1,912,935	9,423,989
Interest	12,761	640	0	2,505	91	15,997
Tuition and Fees	319,490	0	0	0	9,951	329,441
Rent	5,179	0	0	0	0	5,179
Extracurricular Activities	0	0	0	0	52,659	52,659
Gifts and Donations	994	0	0	0	0	994
Customer Sales and Services	0	173,067	0	0	0	173,067
Miscellaneous	65,023	0	0	0	78,027	143,050
<i>Total Revenues</i>	<u>9,359,652</u>	<u>597,611</u>	<u>404,694</u>	<u>2,505</u>	<u>2,090,825</u>	<u>12,455,287</u>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular	3,972,707	0	0	0	691,109	4,663,816
Special	719,551	0	0	0	524,022	1,243,573
Vocational	436,472	0	0	0	8,804	445,276
Student Intervention Services	11,473	0	0	0	145,036	156,509
Support Services:						
Pupils	402,092	0	0	0	27,162	429,254
Instructional Staff	634,750	0	0	0	263,594	898,344
Board of Education	128,238	0	0	0	0	128,238
Administration	650,654	12,032	0	0	136,538	799,224
Fiscal	304,289	0	12,462	0	1,226	317,977
Operation and Maintenance of Plant	1,003,697	0	0	33,867	69,563	1,107,127
Pupil Transportation	588,828	0	0	0	20,776	609,604
Central	18,741	0	0	0	66,476	85,217
Operation of Non-Instructional Services:						
Food Services	0	528,208	0	0	0	528,208
Other	272	0	0	0	39,581	39,853
Extracurricular Activities	104,433	0	0	0	56,126	160,559
Capital Outlay	0	0	0	24,643	0	24,643
Intergovernmental	0	0	0	0	30,339	30,339
Debt Service:						
Principal Retirement	27,000	0	289,870	0	0	316,870
Interest and Fiscal Charges	24,919	0	193,768	0	0	218,687
<i>Total Expenditures</i>	<u>9,028,116</u>	<u>540,240</u>	<u>496,100</u>	<u>58,510</u>	<u>2,080,352</u>	<u>12,203,318</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	331,536	57,371	(91,406)	(56,005)	10,473	251,969
<b>Other Financing Sources</b>						
Proceeds from Sale of Capital Assets	3,411	0	0	0	0	3,411
<i>Net Change in Fund Balances</i>	334,947	57,371	(91,406)	(56,005)	10,473	255,380
<i>Fund Balances at Beginning of Year</i>	<u>403,034</u>	<u>113,285</u>	<u>1,073,319</u>	<u>1,932,064</u>	<u>260,945</u>	<u>3,782,647</u>
<i>Fund Balances at End of Year</i>	<u>\$737,981</u>	<u>\$170,656</u>	<u>\$981,913</u>	<u>\$1,876,059</u>	<u>\$271,418</u>	<u>\$4,038,027</u>

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**

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

**Net Change in Fund Balances - Total Governmental Funds** \$255,380

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

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

Capital asset additions	59,835	
Depreciation expense	<u>(1,447,201)</u>	
Excess of capital outlay under depreciation expense		(1,387,366)

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

Proceeds from sale of capital assets	(3,411)	
Loss on disposal of capital assets	<u>(1,091)</u>	
		(4,502)

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

Delinquent property taxes	15,535	
Intergovernmental	(82,023)	
Interest	325	
Tuition and fees	<u>10,757</u>	
		(55,406)

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

Current year amortization of issuance costs	(546)	
Accretion on bonds	<u>(15,200)</u>	
		(15,746)

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

Bond payments	289,870	
Capital lease payments	<u>27,000</u>	
Total long-term debt repayment		316,870

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

Increase in accrued interest payable		(4,874)
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Increase in compensated absences payable	(2,042)	
Increase in accrued vacation leave payable	<u>(4,175)</u>	
		(6,217)

**Change in Net Assets of Governmental Activities** (\$901,861)

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**  
Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$1,970,611	\$1,943,295	\$1,943,295	\$0
Intergovernmental	7,054,186	7,027,068	7,027,068	0
Interest	12,818	12,768	12,768	0
Tuition and Fees	322,861	321,620	321,620	0
Rent	5,348	5,327	5,327	0
Gifts and Donations	998	994	994	0
Miscellaneous	40,451	40,295	41,042	747
<i>Total Revenues</i>	<u>9,407,273</u>	<u>9,351,367</u>	<u>9,352,114</u>	<u>747</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,103,653	4,000,257	4,000,257	0
Special	737,941	719,348	719,348	0
Vocational	457,366	445,842	445,842	0
Student Intervention Services	5,245	5,113	5,113	0
Support Services:				
Pupils	413,033	402,626	402,626	0
Instructional Staff	643,189	626,983	626,983	0
Board of Education	145,214	141,555	141,555	0
Administration	673,610	656,637	656,637	0
Fiscal	308,405	300,634	300,634	0
Operation and Maintenance of Plant	1,089,464	1,062,013	1,062,013	0
Pupil Transportation	617,788	602,222	602,222	0
Central	19,225	18,741	18,741	0
Operation of Non-Instructional Services:				
Other	279	272	272	0
Extracurricular Activities	102,501	99,918	99,918	0
Debt Service:				
Principal Retirement	27,698	27,000	27,000	0
Interest and fiscal charges	25,563	24,919	24,919	0
<i>Total Expenditures</i>	<u>9,370,174</u>	<u>9,134,080</u>	<u>9,134,080</u>	<u>0</u>
<i>Excess of Revenues Over Expenditures</i>	<u>37,099</u>	<u>217,287</u>	<u>218,034</u>	<u>747</u>
<b>Other Financing Sources (Uses)</b>				
Advances In	266,317	266,317	266,317	0
Proceeds from Sale of Capital Assets	3,411	3,411	3,411	0
Insurance Recoveries	26,588	26,588	26,588	0
Advances Out	(342,268)	(342,268)	(342,268)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(45,952)</u>	<u>(45,952)</u>	<u>(45,952)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(8,853)	171,335	172,082	747
<i>Fund Balance at Beginning of Year</i>	690,633	690,633	690,633	0
<i>Prior Year Encumbrances Appropriated</i>	92,511	92,511	92,511	0
<i>Fund Balance at End of Year</i>	<u>\$774,291</u>	<u>\$954,479</u>	<u>\$955,226</u>	<u>\$747</u>

See accompanying notes to the basic financial statements



**Ripley Union Lewis Huntington Local School District**  
Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Food Service Fund  
For the Fiscal Year Ended June 30, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$352,851	\$321,102	\$321,102	\$0
Interest	703	640	640	0
Customer Sales and Services	191,163	173,963	173,963	0
<i>Total Revenues</i>	<u>544,717</u>	<u>495,705</u>	<u>495,705</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Support Services:				
Administration	17,320	12,646	12,646	0
Operation of Non-Instructional Services:				
Food Services	669,935	489,138	489,138	0
<i>Total Expenditures</i>	<u>687,255</u>	<u>501,784</u>	<u>501,784</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(142,538)	(6,079)	(6,079)	0
<i>Fund Balance at Beginning of Year</i>	140,538	140,538	140,538	0
<i>Prior Year Encumbrances Appropriated</i>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$0</u></u>	<u><u>\$136,459</u></u>	<u><u>\$136,459</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**Ripley Union Lewis Huntington Local School District**  
Statement of Fiduciary Assets and Liabilities  
Agency Fund  
June 30, 2010

	<u>Student Managed Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$57,245</u>
<b>Liabilities</b>	
Undistributed Monies	<u>\$57,245</u>

See accompanying notes to the basic financial statements

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

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

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

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

In 1990, the School District passed a 6.5 mill levy to build a state of the art junior/senior high school. This new building opened in January of 1994, and housed grades 7 – 12. The \$8 million facility included a 2,000 seat gymnasium, computer connectivity, and many new programs.

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

On October 5, 1999, the School District submitted an application to the Ohio School Facilities Commission based on a ten-year eligibility list. The approved \$22,245,074 school classroom facilities grant included new elementary and middle school buildings, and significant upgrades of the heating, ventilating and air conditioning systems in the existing high school building.

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

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

*(continued)*

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

The School District serves an area of 99 square miles. It is located in Brown County, including all of the Villages of Ripley, Aberdeen and Higginsport, and portions of surrounding townships. The Board of Education controls the School District's three instructional support facilities staffed by 38 non-certificated and 85 teaching personnel and 12 administrative employees providing education to 1,178 students.

*Reporting Entity:*

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

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

The following activities are included within the reporting entity:

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

*(continued)*

The School District participates in four organizations, two of which are defined as jointly governed organizations, one as a public entity shared risk and insurance purchasing pool and one as an insurance purchasing pool. These organizations are the South Central Ohio Computer Association (SCOCA), the Unified Purchasing Cooperative of the Ohio River Valley (UPC), the Brown County Schools Benefits Consortium, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in Notes 16, 17 and 18 to the basic financial statements.

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

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

**A. Basis Of Presentation**

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

*Government-wide Financial Statements:*

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

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

*Fund Financial Statements:*

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

**B. Fund Accounting**

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

*Governmental Funds:*

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

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

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

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

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

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

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

*Fiduciary Funds:*

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

**C. Measurement Focus**

*Government-wide Financial Statements:*

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

*Fund Financial Statements:*

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

**D. Basis of Accounting**

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

*Revenues - Exchange and Nonexchange Transactions:*

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.



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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

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

*Deferred Revenue:*

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

Property taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

*Expenses/Expenditures:*

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

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

**E. Cash and Cash Equivalents**

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

During fiscal year 2010, the School District's investments were limited to certificates of deposit, and funds invested in the State Treasury Asset Reserve of Ohio (STAROhio). Certificates of deposit are recorded at cost.

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$12,761, which includes \$7,704 assigned from other School District funds.

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

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**G. Inventory**

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

**H. Capital Assets**

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

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the fiscal year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$2,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	5 - 75 years
Furniture and Equipment	4 - 20 years
Vehicles	3 - 25 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable” and “Interfund Payable.” These amounts are eliminated in the governmental activities column of the statement of net assets.

**J. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The liability for vacation benefits is recorded as “Vacation Benefits Payable”, rather than long-term liabilities, as the balances are to be used in the fiscal year following the fiscal year in which the benefit is earned.

Sick leave benefits are accrued as a liability using the termination payment 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.

**K. Accrued Liabilities and Long-term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases that will be paid from governmental funds are recognized as an expenditure and a liability on the governmental fund financial statements when due.

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

**L. Internal Activity**

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Issuance costs are deferred and amortized over the term of the capital lease using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Compounded interest on the capital appreciation bonds is presented as an addition of the face amount of the bonds payable whereas issuance costs are recorded as deferred charges.

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

**N. Fund Balance Reserves**

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

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

**O. Net Assets**

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

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

**P. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent unexpended grants restricted for the purchase of buses.

**Q. Estimates**

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

**R. Budgetary Process**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund, function, and object level and has the authority to allocate appropriations at the function and object level without a resolution by the Board.

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

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

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

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

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

	Net Change in Fund Balances	
	General Fund	Food Service Fund
GAAP Basis	\$334,947	\$57,371
Adjustments:		
Revenue Accruals	19,050	(101,906)
Expenditure Accruals	(6,345)	44,919
Encumbrances	(99,619)	(6,463)
Advances	(75,951)	0
Budget Basis	<u>\$172,082</u>	<u>(\$6,079)</u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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

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

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

Deposits

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

Investments

As of June 30, 2010, the School District had the following investment:

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	<u>\$3,787,867</u>	Average 56 Days



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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

Interest Rate Risk

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

Credit Risk

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

**NOTE 5 - PROPERTY TAXES**

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

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

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Brown County. The Brown 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, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2010, was \$319,632 in the General Fund, \$30,319 in the Bond Retirement Debt Service Fund, and \$6,213 in Other Governmental Funds. The amount available as an advance at June 30, 2009, was \$335,275 in the General Fund, \$68,946 in the Bond Retirement Debt Service Fund, and \$6,679 in Other Governmental Funds.

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

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$92,093,890	93.72%	\$95,043,780	93.53%
Public Utility Personal	5,950,090	6.05%	6,460,140	6.36%
General Business Personal	222,910	0.23%	111,455	0.11%
Total Assessed Value	<u>\$98,266,890</u>	<u>100.00%</u>	<u>\$101,615,375</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$33.45		\$34.65	

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2010 consisted of accrued interest, accounts, interfund, intergovernmental grants, and property taxes. 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 fiscal year guarantee of federal funds. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. A listing of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Southern Ohio Educational Service Center	\$2,114
Marine Junior Reserve Officer Training Corps	4,918
Ohio Jobs and Family Services	2,405
School Employees Retirement System Overfunding	3,315
Federal Lunch and Breakfast Program	51,477
Auxiliary Grant	3,986
Title VI-B IDEA Grant	45,178
Title VI-B - ARRA Grant	17,303
Title I Grant	93,772
Title II-D - ARRA Grant	5,774
Title II-A Grant	16,008
Learn and Serve Grant	3,719
21st Century Grant	54,267
Total Intergovernmental Receivables	<u>\$304,236</u>

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

**NOTE 7 - CAPITAL ASSETS**

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

	Balance 6/30/09	Additions	Deductions	Balance 6/30/10
Governmental Activities				
Capital Assets, Not being Depreciated				
Land	<u>\$289,313</u>	<u>\$0</u>	<u>\$0</u>	<u>\$289,313</u>
Capital Assets, Being Depreciated				
Buildings and Improvements	39,453,131	24,643	0	39,477,774
Furniture and Equipment	1,874,333	35,192	(7,835)	1,901,690
Vehicles	<u>1,177,313</u>	<u>0</u>	<u>(139,230)</u>	<u>1,038,083</u>
Total Capital Assets, Being Depreciated	<u>42,504,777</u>	<u>59,835</u>	<u>(147,065)</u>	<u>42,417,547</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(10,527,875)	(1,314,318)	0	(11,842,193)
Furniture and Equipment	(1,170,426)	(98,022)	3,945	(1,264,503)
Vehicles	<u>(1,071,941)</u>	<u>(34,861)</u>	<u>138,618</u>	<u>(968,184)</u>
Total Accumulated Depreciation	<u>(12,770,242)</u>	<u>(1,447,201) *</u>	<u>142,563</u>	<u>(14,074,880)</u>
Total Capital Assets, Being Depreciated, Net	<u>29,734,535</u>	<u>(1,387,366)</u>	<u>(4,502)</u>	<u>28,342,667</u>
Governmental Activities Capital Assets, Net	<u><u>\$30,023,848</u></u>	<u><u>(\$1,387,366)</u></u>	<u><u>(\$4,502)</u></u>	<u><u>\$28,631,980</u></u>

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

Instruction:	
Regular	\$787,642
Special	169,476
Vocational	52,533
Other	750
Support Services:	
Pupils	33,740
Instructional Staff	3,099
Administration	90,627
Fiscal	34,858
Operation and Maintenance of Plant	17,186
Pupil Transportation	34,718
Operation of Non-Instructional Services:	
Food Services	90,324
Extracurricular Activities	<u>132,248</u>
Total Depreciation Expense	<u><u>\$1,447,201</u></u>

*Ripley Union Lewis Huntington Local School District*

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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**NOTE 8 - RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In fiscal year 2010, the School District contracted with Ohio Casualty Insurance for property and building blanket group insurance coverage. General liability is protected by Ohio Casualty Insurance with a \$2,000,000 aggregate limit under a commercial umbrella policy.

The School District's vehicles are covered by Ohio Casualty Insurance and hold a \$250 deductible for comprehensive coverage and a \$500 deductible for collision coverage. Automobile liability has a \$1,000,000 combined single limit of liability. Vehicles are also covered under the commercial umbrella policy. Settled claims have not exceeded this commercial coverage in any of the past four fiscal years. There has been no significant reduction in coverage from the prior fiscal year.

**B. Workers' Compensation**

For fiscal year 2010, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice Incorporated provides administrative, cost control, and actuarial services to the GRP.

**C. Employee Medical Benefits**

The School District participates in the Brown County Schools Benefits Consortium (the Consortium), a public entity shared risk and insurance purchasing pool (Note 17) consisting of nine districts. The Consortium has elected to have United Health Care provide medical coverage purchased as a group through the Consortium. Dental coverage is being provided through a shared risk pool based on member districts' number of employees. The School District is responsible for providing a current listing of enrolled employees and for providing timely pro-rata payments of premiums to the Consortium for employee health coverage. The Consortium is responsible for the management and operations of the program. Upon termination from the Consortium, for any reason, the terminated member assumes and is responsible for the payment of any delinquent contributions relating to the medical insurance and all claims related to dental of its employees from the date of termination, regardless of the date such claims were incurred.

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$143,368, \$113,475 and \$131,367 respectively; 41.92 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

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

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

Funding Policy – For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$662,628, \$625,527, and \$648,958 respectively; 81.96 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$9,740 made by the School District and \$6,957 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2010, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 0.46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$84,941, \$78,448, and \$79,691 respectively; 54.26 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$10,511, \$9,363, and \$9,465 respectively; 54.26 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

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

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



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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$49,609, \$48,117, and \$49,920 respectively; 81.96 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for teachers and administrators, and 220 days for classified personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 65 days for teachers and administrators, and a maximum of 55 days for classified employees.

**B. Insurance Benefits**

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

**C. Deferred Compensation**

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

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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**NOTE 11 - EMPLOYEE BENEFITS** (continued)

**D. Retirement Incentive**

The School District offers a retirement incentive for certified employees who retire in the fiscal year they are first eligible. Eligible employees receive a \$15,000 lump sum payment. The Board may make the payment at the beginning of the next fiscal year. There were no employees who were eligible for super severance during fiscal year 2010.

**NOTE 12 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In fiscal year 2004, the School District entered into a lease-purchase agreement for the construction of the finish work on the new elementary school, the middle school and renovations to the high school. The School District is leasing the project from the Columbus Regional Airport Authority (formerly Rickenbacker Port Authority). Columbus Regional Airport Authority will retain title to the project during the lease term. Columbus Regional Airport Authority has assigned PNC Bank (formerly National City Bank) as trustee. PNC Bank deposited \$642,000 in the School District's name with a fiscal agent for the construction and renovations. Amounts were paid to contractors by the School District as the work progressed. The School District then submitted the invoices to the agent for reimbursement. The School District makes semi-annual lease payments to U.S. Bank. The interest rate is fixed at 4.808 percent. The lease is renewable annually and expires in fiscal year 2023. The intention of the School District is to renew the lease annually.

In fiscal year 2010, the School District made the seventh scheduled payment in the amount of \$27,000. The outstanding principal amount on the lease at June 30, 2010 is \$475,000.

The assets acquired through capital lease are as follows:

	<u>Asset Value</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Asset:			
School Buildings	<u>\$642,000</u>	<u>\$56,175</u>	<u>\$585,825</u>

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2010.

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

**NOTE 12 - CAPITALIZED LEASES - LESSEE DISCLOSURE** *(continued)*

Fiscal Year Ending June 30,	Total Payments
2011	\$51,795
2012	51,593
2013	51,263
2014	51,850
2015	51,359
2016-2020	253,447
2021-2023	149,373
Total	<u>660,680</u>
Less: Amount Representing Interest	<u>(185,680)</u>
Present Value of Minimum Lease Payments	<u><u>\$475,000</u></u>

**NOTE 13 - LONG-TERM OBLIGATIONS**

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

	Amount Outstanding 6/30/09	Additions	Deductions	Amount Outstanding 6/30/10	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds:					
School Improvement Refunding Bonds					
2/12/1998 3.95% - 5.05%	\$626,509	\$0	\$119,870	\$506,639	\$115,420
School Improvement Bonds					
7/1/1998 4.75% - 5.05%	555,000	0	100,000	455,000	100,000
Classroom Facilities Bonds 9/1/2002:					
Serial Bonds 2.0% to 3.9%	365,000	0	70,000	295,000	70,000
Term Bonds 4.6% to 4.9%	755,000	0	0	755,000	0
Capital Appreciation Bonds 9.914%	67,000	0	0	67,000	0
Accretion on Capital Appreciation Bonds	70,583	15,200	0	85,783	0
Total General Obligation Bonds	<u>2,439,092</u>	<u>15,200</u>	<u>289,870</u>	<u>2,164,422</u>	<u>285,420</u>
Capital Lease	502,000	0	27,000	475,000	28,000
Compensated Absences	<u>570,028</u>	<u>31,596</u>	<u>29,554</u>	<u>572,070</u>	<u>25,609</u>
Total Governmental Activities					
Long-Term Obligations	<u><u>\$3,511,120</u></u>	<u><u>\$46,796</u></u>	<u><u>\$346,424</u></u>	<u><u>\$3,211,492</u></u>	<u><u>\$339,029</u></u>

***School Improvement Refunding Bonds***

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

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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**NOTE 13 - LONG-TERM OBLIGATIONS** (continued)

***School Improvement Bonds***

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

***2002 Classroom Facilities Bonds***

On September 1, 2002, the School District issued \$1,557,000 in voted general obligation bonds for the purpose of constructing new classroom facilities. The bonds were issued for a twenty-three year period with final maturity in December 2024. The bonds will be retired from the Bond Retirement Fund.

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

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

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

The capital appreciation bonds, issued at \$67,000, are not subject to prior redemption. The capital appreciation bonds will mature in fiscal years 2015 through 2017. The maturity amounts of the capital appreciation bonds are \$80,000 in fiscal years 2015 through 2017. For fiscal year 2010, the capital appreciation bonds were accreted \$15,200.

The School District's overall legal debt margin was \$7,056,714 with an unvoted debt margin of \$101,504 at June 30, 2010.

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

**NOTE 13 - LONG-TERM OBLIGATIONS** *(continued)*

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

Compensated absences will be paid from the General, Food Service, Classroom Facilities Maintenance, Title VI-B, Fiscal Stabilization, Title I, and Title II-A Funds. The capital lease obligation will be paid from the General Fund.

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

**School Improvement Refunding and School Improvement Bonds**

Fiscal year Ending June 30,	Principal	Interest	Total
2011	\$215,420	\$150,033	\$365,453
2012	218,650	151,500	370,150
2013	220,724	148,619	369,343
2014	219,495	148,661	368,156
2015	87,350	147,651	235,001
<b>Total</b>	<b>\$961,639</b>	<b>\$746,464</b>	<b>\$1,708,103</b>

**Classroom Facilities Bonds**

Fiscal year Ending June 30,	Serial Bonds Principal	Serial Bonds Interest	Term Bonds Principal	Term Bonds Interest	Capital Appreciation Principal	Capital Appreciation Interest	Total
2011	\$70,000	\$9,803	\$0	\$35,675	\$0	\$0	\$115,478
2012	70,000	7,265	0	35,675	0	0	112,940
2013	75,000	4,545	0	35,675	0	0	115,220
2014	80,000	1,560	0	35,675	0	0	117,235
2015	0	0	0	35,675	24,526	59,343	119,544
2016-2020	0	0	255,000	161,125	42,474	113,657	572,256
2021-2025	0	0	500,000	63,023	0	0	563,023
<b>Total</b>	<b>\$295,000</b>	<b>\$23,173</b>	<b>\$755,000</b>	<b>\$402,523</b>	<b>\$67,000</b>	<b>\$173,000</b>	<b>\$1,715,696</b>

**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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**NOTE 14 - LESSOR DISCLOSURE - OPERATING LEASE**

In 1997, the School District entered into a 15 year operating lease between the School District and the Brown County Board of Mental Retardation and Developmental Disabilities (BMRDD). The BMRDD paid the cost of constructing an early childhood center on School District Property. The portion of the building being used by BMRDD consists of the Adams/Brown Head Start units. The valuation at the time of its completion was \$794,027. In consideration for the BMRDD's funding of the project, the School District receives \$1.00 per fiscal year as an annual lease payment for use of the land that was provided for construction. If the School District terminates the lease, it will be required to reimburse BMRDD for a prorated amount of the original \$794,027 in funding provided by BMRDD, over the remainder of the unused lease term, as agreed upon by the leasing parties. The School District also agrees to insure the building against loss by fire or other casualty.

**NOTE 15 - INTERFUND ACTIVITY**

**Interfund Receivables/Payables**

As of June 30, 2010, receivables and payables that resulted from various interfund transactions were as follows:

		Receivable
		General
		<u>          </u>
Payable	All Other Governmental Funds	<u><u>\$199,987</u></u>

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

*Ripley Union Lewis Huntington Local School District*

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

**A. South Central Ohio Computer Association**

The School District is a participant in the South Central Ohio Computer Association (SCOCA), which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, Lawrence, Pickaway, and Gallia Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$135,435 for services provided during the fiscal year. Financial information can be obtained from the fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

**B. Unified Purchasing Cooperative of the Ohio River Valley**

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

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

Financial information can be obtained from Don Rabe, Treasurer, Hamilton County Educational Service Center, at 11083 Hamilton Avenue, Cincinnati, Ohio, 45231.

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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**NOTE 17 - PUBLIC ENTITY SHARED RISK AND INSURANCE PURCHASING POOL**

**Brown County Schools Benefits Consortium**

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

**NOTE 18 - INSURANCE PURCHASING POOL**

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

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

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



**Ripley Union Lewis Huntington Local School District**

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

**NOTE 19 - SET-ASIDE CALCULATIONS**

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2009	(\$65,124)	\$0
Current Fiscal Year Set-aside Requirement	187,877	187,877
Current Fiscal Year Offsets	0	(87,028)
Qualifying Disbursements	<u>(175,085)</u>	<u>(156,454)</u>
Set-aside Balance Carried Forward to Future Years	<u>(\$52,332)</u>	<u>(\$55,605)</u>
Set-aside Reserve Balance as of June 30, 2010	<u>(\$52,332)</u>	<u>\$0</u>

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

**NOTE 20 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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**NOTE 20 – CONTINGENCIES** *(continued)*

**B. Litigation**

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

**Ripley Union Lewis Huntington Local School District**  
Schedule of Federal Awards Receipts and Expenditures  
For the Fiscal Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through the Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	87,053	-	87,053	-
National School Lunch Program	3L60	10.555	224,693	53,285	224,693	53,285
Total United States Department of Agriculture			311,746	53,285	311,746	53,285
<b>United States Department of Education</b>						
<i>Passed through the Ohio Department of Education</i>						
<i>Special Education Cluster:</i>						
Special Education - Grants to States	3M20	84.027	277,281	-	286,569	-
Special Education - Preschool Grants	3C50	84.173	225	-	225	-
ARRA - Special Education Grants to States	3DJ0	84.391	51,949	-	57,469	-
Total Special Education Cluster			329,455	-	344,263	-
<i>Title I, Part A Cluster:</i>						
Title I Grants to Local Educational Agencies	3M00	84.010	353,868	-	381,854	-
ARRA - Title I Grants to Local Educational Agencies	3DK0	84.389	95,695	-	92,477	-
Total Title I, Part A Cluster			449,563	-	474,331	-
<i>Education Technology State Grants Cluster:</i>						
Education Technology State Grants	3S20	84.318	5,323	-	3,468	-
ARRA - Education Technology State Grants	3DM0	84.386	138,490	-	141,664	-
<i>Total Education Technology State Grants Cluster</i>			143,813	-	145,132	-
Safe and Drug-Free Schools and Communities - State Grants	3D10	84.186	5,099	-	5,099	-
Twenty-First Century Community Learning Centers	3Y20	84.287	192,595	-	202,348	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	GRF	84.394	442,364	-	409,242	-
Improving Teacher Quality State Grants	3Y60	84.367	100,447	-	98,847	-
Total United States Department of Education			1,663,336	-	1,679,262	-
<b>United States Department of Health and Human Services</b>						
<i>Passed through Ohio Department of Job and Family Services</i>						
Temporary Assistance for Needy Families	NA	93.558	3,380	-	2,795	-
Total United States Department of Health and Human Services			3,380	-	2,795	-
<b>Corporation for National and Community Service</b>						
<i>Passed through the Ohio Department of Education</i>						
Learn and Serve America - School and Community Based Programs	3780	94.004	28,201	-	30,000	-
Total Corporation for National and Community Service			28,201	-	30,000	-
<b>Total Federal Financial Assistance</b>			2,006,663	53,285	2,023,803	53,285

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

***Ripley Union Lewis Huntington Local School District***  
Notes to the Schedule of Federal Awards Receipts and Expenditures  
For the Fiscal Year Ended June 30, 2010

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**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B –FOOD DONATION**

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



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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by  
*Government Auditing Standards***

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Ripley Union Lewis Huntington Local School District, Brown County (the School District) as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Governmental Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

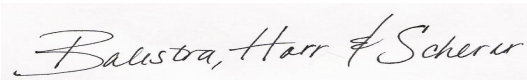
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

**Compliance and Other Matters**

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Members of the Board  
Ripley Union Lewis Huntington Local School District  
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by  
*Government Auditing Standards*  
Page 2

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

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

Balestra, Harr & Scherer, CPAs, Inc.

January 19, 2011



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

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

**Compliance**

We have audited the compliance of Ripley Union Lewis Huntington Local School District, Brown County (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could directly and materially affect each of the School District's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

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

**Internal Control Over Compliance**

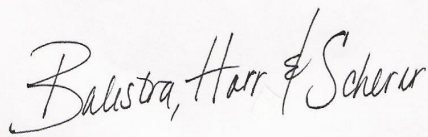
The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we do have not opined on the effectiveness of the School District's internal control over compliance.

**Internal Control Over Compliance (Continued)**

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

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

We intend this report solely for the information and use of management, members of the Board, others within the School District, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

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

Balestra, Harr & Scherer, CPAs, Inc.

January 19, 2011



*Ripley Union Lewis Huntington Local School District*  
Brown County  
June 30, 2010

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505

**SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster CFDA# 84.027, 84.173 and 84.391 Title I Cluster CFDA# 84.010 and 84.399 Education Technology State Grants Cluter CFDA# 84.318 and 84.386 State Fiscal Stabilization Fund – Education State Grant CFDA# 84.394
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

*Ripley Union Lewis Huntington Local School District*  
Brown County  
June 30, 2010

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505

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

**None noted.**

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

**None noted.**



# Dave Yost • Auditor of State

**RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT**

**BROWN COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 29, 2011**