

Rock Hill Local School District
Lawrence County, Ohio

Single Audit

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



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639
9076 Ohio River Road, Wheelersburg, Ohio 45694 Phone: 740.876.9121 Fax: 800.210.2573



Dave Yost • Auditor of State

Board of Education
Rock Hill Local School District
2325A County Road 26
Ironton, Ohio 45638

We have reviewed the *Independent Auditor's Report* of the Rock Hill Local School District, Lawrence 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 Rock Hill 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

April 21, 2011

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Rock Hill Local School District
For the Fiscal Year Ended June 30, 2010
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Independent Auditor's Report

Members of the Board
Rock Hill Local School District
2325A County Road 26
Ironton, Ohio 45638

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rock Hill Local School District, Lawrence County, Ohio, (the School District), 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 Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

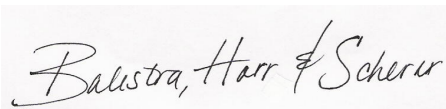
In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2011 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Members of the Board
Rock Hill 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 Schedule of Receipts and Expenditures of Federal Awards is presented for purposes of additional analysis as 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 Receipts and Expenditures of Federal Awards 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.

As described in Note 3 to the financial statements, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*; Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*; Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*; and Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*.

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.

March 1, 2011

Rock Hill Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2010

Unaudited

The discussion and analysis of the Rock Hill Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2010 are as follows:

- Net assets of governmental activities decreased \$3,723,014.
- General revenues accounted for \$14,573,435 in revenue or 71.2 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$5,887,567 or 28.8 percent of total revenues of \$20,461,002.
- The School District had \$24,184,016 in expenses related to governmental activities; only \$5,887,567 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily taxes and intergovernmental) of \$14,573,435 were not adequate to cover the remaining expenses.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Rock Hill Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and 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 most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This 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. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

Rock Hill Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2010

Unaudited

In the Statement of Net Assets and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Permanent Improvements Capital Projects Fund.

Governmental Funds All 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 be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Fiduciary Funds The School District accounts for resources held for the benefit of parties outside the government as fiduciary funds. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. The School District uses accrual accounting for its fiduciary fund.

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 2010 compared to 2009.

Rock Hill Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2010

Unaudited

**Table 1
Net Assets**

	Governmental Activities		
	2010	2009	Change
Assets			
Current and Other Assets	\$11,809,238	\$13,202,773	(\$1,393,535)
Capital Assets	36,952,506	38,561,969	(1,609,463)
Total Assets	48,761,744	51,764,742	(3,002,998)
Liabilities			
Long-Term Liabilities	1,205,187	1,092,468	112,719
Other Liabilities	4,236,489	3,629,195	607,294
Total Liabilities	5,441,676	4,721,663	720,013
Net Assets			
Invested in Capital Assets	36,952,506	38,561,969	(1,609,463)
Restricted	7,108,047	7,518,277	(410,230)
Unrestricted (Deficit)	(740,488)	962,833	(1,703,321)
Total Net Assets	\$43,320,065	\$47,043,079	(\$3,723,014)

Total assets of governmental activities decreased \$3,002,998. This is primarily due to decreases in cash and cash equivalents in the amount of \$1,525,174, revenue in lieu of taxes receivable in the amount of \$573,500, and capital assets in the amount of \$1,609,463, offset by increases in intergovernmental receivable in the amount of \$500,804, and property taxes receivable in the amount of \$184,907. The decrease in cash and cash equivalents is primarily the result of the construction of the elementary playground and renovations of the SBH building combined with increased instructional expenditures. The decrease in revenue in lieu of taxes receivables is the result of annual payments made by Duke Energy. The decrease in capital assets are due to depreciation of capital assets in an amount greater than the addition of capital assets. The increase in intergovernmental receivables is due to increased Federal and State funding from the American Recovery and Reinvestment Act. Property tax increases are the result of an increase in personal property taxes due to the School District.

Total liabilities of governmental activities increased \$720,013. This is attributable to increases of \$236,740 in accounts payable, \$88,090 in intergovernmental payable, \$286,593 in deferred revenue, and \$112,719 in long-term obligations. The accounts payable, intergovernmental payable, and deferred revenue increases due to the timing payables, and property tax and intergovernmental receipts. The increase in long-term obligations are the result of growing leave balances maintained by School District employees.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2010, and comparisons to fiscal year 2009.

Rock Hill Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2010

Unaudited

Table 2
Changes in Net Assets

	Governmental Activities		
	2010	2009	Change
Revenues			
Program Revenues:			
Charges for Services	\$1,703,484	\$1,086,903	\$616,581
Operating Grants, Contributions and Interest	4,183,528	3,590,553	592,975
Capital Grants, Contributions and Interest	555	51,107	(50,552)
	<u>5,887,567</u>	<u>4,728,563</u>	<u>1,159,004</u>
General Revenues:			
Property Taxes	1,794,983	2,030,850	(235,867)
Grants and Entitlements	12,284,760	12,898,917	(614,157)
Investment Earnings	58,594	79,819	(21,225)
Gain on Sale of Capital Assets	9,800	0	9,800
Miscellaneous	425,298	220,894	204,404
	<u>14,573,435</u>	<u>15,230,480</u>	<u>(657,045)</u>
Total Revenues	<u>20,461,002</u>	<u>19,959,043</u>	<u>501,959</u>
Program Expenses			
Instruction:			
Regular	10,996,865	10,251,825	(745,040)
Special	3,056,774	3,162,075	105,301
Vocational	360,065	334,442	(25,623)
Student Intervention Services	0	1,620	1,620
Support Services:			
Pupils	694,015	521,740	(172,275)
Instructional Staff	565,192	740,459	175,267
Board of Education	221,986	200,768	(21,218)
Administration	1,535,052	1,482,244	(52,808)
Fiscal	361,305	364,759	3,454
Operation and Maintenance of Plant	2,824,970	3,038,395	213,425
Pupil Transportation	1,434,295	1,434,119	(176)
Central	111,045	91,286	(19,759)
Operation of Non-Instructional Services:			
Food Service Operations	1,321,112	1,318,788	(2,324)
Community Services	124,725	114,699	(10,026)
Extracurricular Activities	576,615	557,811	(18,804)
Total Expenses	<u>24,184,016</u>	<u>23,615,030</u>	<u>(568,986)</u>
Increase (Decrease) in Net Assets	(3,723,014)	(3,655,987)	(67,027)
Net Assets at Beginning of Year	<u>47,043,079</u>	<u>50,699,066</u>	<u>(3,655,987)</u>
Net Assets at End of Year	<u>\$43,320,065</u>	<u>\$47,043,079</u>	<u>(\$3,723,014)</u>

Governmental Activities

Property taxes made up approximately 8.8 percent of revenues for governmental activities for the Rock Hill Local School District. Of the remaining revenues, the School District receives 80.5 percent from state foundation, federal, and state grants; 8.3 percent from charges for services; and 2.4 percent from interest and local entities.

Rock Hill Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2010

Unaudited

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increases in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00. This legislation helps explain why a decrease in the School District's taxable value is accompanied by the decrease in tax revenue. Property taxes made up just 8.8 percent of revenues for governmental activities for Rock Hill Local School District in 2010. Additionally, increases in property taxes would only have a nominal effect upon the School District's total revenue. This is due to the funding formula in place in Ohio, any increase in property tax revenue would be offset by a corresponding decrease in state funding the School District would receive.

Over 59.6 percent of the School District's budget is used to fund instructional expenses. Support services make up 32.0 percent of expenses and 8.4 percent is used for extracurricular activities and non-instructional services.

During the fiscal year, the School District experienced changes in the following: a 1.5 percent increase in employee insurance costs, a negotiated 2.0 percent salary increase, and increases in utility and fuel costs.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	2010 Total Cost of Services	2010 Net Cost of Services	2009 Total Cost of Services	2009 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$10,996,865	\$7,711,170	\$10,251,825	\$8,171,714
Special	3,056,774	2,631,635	3,162,075	1,943,711
Vocational	360,065	224,945	334,442	183,638
Student Intervention Services	0	0	1,620	1,620
Support Services:				
Pupils	694,015	477,203	521,740	499,596
Instructional Staff	565,192	449,819	740,459	462,971
Board of Education	221,986	221,986	200,768	200,768
Administration	1,535,052	1,534,366	1,482,244	1,474,098
Fiscal	361,305	361,238	364,759	363,662
Operation and Maintenance of Plant	2,824,970	2,022,031	3,038,395	3,016,684
Pupil Transportation	1,434,295	1,393,013	1,434,119	1,344,375
Central	111,045	106,045	91,286	85,937
Operation of Non-Instructional Services:				
Food Service Operations	1,321,112	517,566	1,318,788	523,374
Community Services	124,725	124,725	114,699	108,139
Extracurricular Activities	576,615	520,707	557,811	506,180
Totals	\$24,184,016	\$18,296,449	\$23,615,030	\$18,886,467

Rock Hill Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2010

Unaudited

As you can see, the reliance upon local tax revenues for governmental activities is crucial. 7.4 percent of expenses are directly supported by local property taxes. Grants and entitlements not restricted to specific programs supported 50.8 percent of expenses. Program revenue supported 24.3 percent of expenses, while investments and other miscellaneous types of revenues supported the remaining activity costs. The dependence upon tax revenues and State subsidies for governmental activities is apparent. For fiscal year 2010, approximately 65.8 percent of instruction activities were supported through taxes and other general revenues.

THE SCHOOL DISTRICT FUNDS

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$20,631,345 and expenditures of \$22,461,834.

The fund balance of the General Fund decreased \$1,885,249. The General Fund ended the fiscal year with an unreserved fund deficit of (\$758,028).

The fund balance of the Permanent Improvements Capital Projects Fund increased \$500,648. The Permanent Improvement Fund's unreserved fund balance of \$3,954,941 represented 5,328.7 percent of current year expenditures. Most of this balance remains in the School District's treasury.

General Fund Budgeting 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. The most significant budgeted fund is the General Fund.

During the course of fiscal 2010, the School District did amend its General Fund estimated revenues numerous times. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue estimate was \$16,192,892, which represented an increase of \$2,011,716, or 14.2 percent from original estimates of \$14,181,176. This difference was due to an under estimate in regard to the School District's revenues from the American Recovery and Reinvestment Act and tuition and fees revenue from open enrollment. The final budget basis expenditure estimate of \$17,866,005 represented a \$600,085, or 3.5 percent increase from the original estimates of \$17,285,920.

The School District's ending unobligated general fund balance was \$1,447,894.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2010, the School District had \$36,952,506 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2010 balances compared to 2009.

Rock Hill Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2010

Unaudited

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

	Governmental Activities	
	2010	2009
Land	\$817,657	\$817,657
Construction in Progress	17,492	432,240
Land Improvements	8,030,728	8,167,055
Buildings and Improvements	26,566,697	27,778,158
Furniture, Fixtures, and Equipment	852,063	724,747
Vehicles	667,869	642,112
Totals	<u>\$36,952,506</u>	<u>\$38,561,969</u>

For additional information on capital assets, see Note 11 to the basic financial statements.

Debt

At June 30, 2010, the School District had no debt outstanding. For additional information on long-term obligations, see Note 15 to the basic financial statements.

CURRENT ISSUES

The financial future of the School District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes. Due to slow economic growth, the School District does not foresee any sustainable growth in revenue from property taxes. Thus management must diligently plan expenses from the modest growth attained, staying carefully within its five-year forecast. Additional revenues from what was estimated must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year forecast.

Externally, the School District is largely dependent on State funding sources (approximately 80.5 percent of the School District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The School District continues to see increases in student enrollment and while State revenue growth has shifted toward school districts with low property tax wealth, the declining property values has served to somewhat offset increases in Federal and State funding.

Although higher per-pupil funding has helped the School District lessen the impact of increased instructional expenses, much of the positive impact has been offset by other negative financial factors that occurred in the past year (higher insurance costs). In the long run, the fact remains that as long as the State avoids the complete systematic overhaul the Supreme Court ordered in its initial ruling, all schools in Ohio will be faced with the same problem in the future – either increasing its revenue (passing levies) or decreasing expenses (making budget cuts).

As the preceding information shows, the School District continues to depend upon its taxpayers. Although Rock Hill Local School District has attempted to keep spending in line with revenues, and carefully watched financial planning, it must keep its revenue to expense ratios improving if the School District hopes to remain on firm financial footing.

Rock Hill Local School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2010

Unaudited

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizen's, 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 or need additional information, contact Chris Robinson, Treasurer at Rock Hill Local School District, 2273 County Road 26, Ironton, Ohio 45638.

Rock Hill Local School District, Ohio
Statement of Net Assets
June 30, 2010

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$6,868,564
Materials and Supplies Inventory	21,447
Intergovernmental Receivable	651,839
Revenue in Lieu of Taxes Receivable	2,294,000
Accounts Receivable	12,898
Property Taxes Receivable	1,960,487
Nondepreciable Capital Assets	835,149
Depreciable Capital Assets, Net	36,117,357
<i>Total Assets</i>	48,761,741
Liabilities	
Accounts Payable	345,510
Accrued Wages and Benefits Payable	1,710,619
Contracts Payable	21,853
Intergovernmental Payable	599,391
Matured Compensated Absences Payable	73,980
Deferred Revenue	1,485,136
Long-Term Liabilities:	
Due within One Year	64,136
Due in More than One Year	1,141,051
<i>Total Liabilities</i>	5,441,676
Net Assets	
Invested in Capital Assets	36,952,506
Restricted for:	
Bus Purchases	154,238
Budget Stabilization	124,918
Debt Service	1,950
Capital Projects	6,268,560
Other Purposes	558,381
Unrestricted (Deficit)	(740,488)
<i>Total Net Assets</i>	\$43,320,065

See accompanying notes to the basic financial statements

Rock Hill Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June, 30, 2010

	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants, Contributions and Interest		
Governmental Activities					
Instruction:					
Regular	\$10,996,865	\$1,574,335	\$1,711,360	\$0	(\$7,711,170)
Special	3,056,774	0	425,139	0	(2,631,635)
Vocational	360,065	0	135,120	0	(224,945)
Support Services:					
Pupils	694,015	0	216,812	0	(477,203)
Instructional Staff	565,192	0	115,373	0	(449,819)
Board of Education	221,986	0	0	0	(221,986)
Administration	1,535,052	0	686	0	(1,534,366)
Fiscal	361,305	0	67	0	(361,238)
Operation and Maintenance of Plant	2,824,970	0	802,384	555	(2,022,031)
Pupil Transportation	1,434,295	0	41,282	0	(1,393,013)
Central	111,045	0	5,000	0	(106,045)
Operation of Non-Instructional Services:					
Food Service Operations	1,321,112	73,241	730,305	0	(517,566)
Community Services	124,725	0	0	0	(124,725)
Extracurricular Activities	576,615	55,908	0	0	(520,707)
Totals	\$24,184,016	\$1,703,484	\$4,183,528	\$555	(18,296,449)
General Revenues					
Property Taxes Levied for:					
General Purposes					1,762,255
Other Purposes					32,728
Grants and Entitlements not Restricted to Specific Programs					12,284,760
Investment Earnings					58,594
Gain on Sale of Capital Assets					9,800
Miscellaneous					425,298
Total General Revenues					14,573,435
Change in Net Assets					(3,723,014)
Net Assets at Beginning of Year					47,043,079
Net Assets at End of Year					\$43,320,065

See accompanying notes to the basic financial statements

Rock Hill Local School District, Ohio

*Balance Sheet
Governmental Funds
June 30, 2010*

	General	Permanent Improvements	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,896,642	\$3,996,563	\$696,203	\$6,589,408
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	279,156	0	0	279,156
Receivables:				
Property Taxes	1,924,679	0	35,808	1,960,487
Revenue in Lieu of Taxes	0	2,294,000	0	2,294,000
Accounts	12,877	0	21	12,898
Intergovernmental	16,015	0	635,824	651,839
Interfund	231,312	0	0	231,312
Materials and Supplies Inventory	0	0	21,447	21,447
Total Assets	\$4,360,681	\$6,290,563	\$1,389,303	\$12,040,547
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$127,251	\$150	\$218,109	\$345,510
Accrued Wages and Benefits Payable	1,467,961	0	242,658	1,710,619
Contracts Payable	0	21,853	0	21,853
Intergovernmental Payable	536,615	0	62,776	599,391
Matured Compensated Absences Payable	65,131	0	8,849	73,980
Interfund Payable	0	0	231,312	231,312
Deferred Revenue	1,954,780	2,294,000	241,120	4,489,900
Total Liabilities	4,151,738	2,316,003	1,004,824	7,472,565
Fund Balances				
Reserved for Encumbrances	513,168	19,619	185,784	718,571
Reserved for Budget Stabilization	124,918	0	0	124,918
Reserved for Bus Purchases	154,238	0	0	154,238
Reserved for Property Taxes	174,647	0	3,145	177,792
Unreserved, Undesignated, Reported in:				
General Fund (Deficit)	(758,028)	0	0	(758,028)
Special Revenue Funds	0	0	193,600	193,600
Debt Service Fund	0	0	1,950	1,950
Capital Projects Fund	0	3,954,941	0	3,954,941
Total Fund Balances	208,943	3,974,560	384,479	4,567,982
Total Liabilities and Fund Balances	\$4,360,681	\$6,290,563	\$1,389,303	\$12,040,547

See accompanying notes to the basic financial statements

Rock Hill Local School District, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Assets of Governmental Activities
June 30, 2010*

Total Governmental Fund Balances		\$4,567,982
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not financial resources are not reported in the funds.		36,952,506
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds:		
Property Taxes	297,559	
Revenue in Lieu of Taxes	2,294,000	
Grants	208,457	
Miscellaneous Revenues	204,748	3,004,764
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(1,205,187)
Net Assets of Governmental Activities		\$43,320,065

See accompanying notes to the basic financial statements

Rock Hill Local School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Permanent Improvements	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$1,775,956	\$0	\$33,299	\$1,809,255
Intergovernmental	12,451,230	0	3,814,177	16,265,407
Investment Earnings	58,594	0	555	59,149
Tuition and Fees	1,518,945	0	871	1,519,816
Charges for Services	0	0	73,241	73,241
Extracurricular Activities	0	0	110,427	110,427
Revenue in Lieu of Taxes	0	573,500	0	573,500
Miscellaneous	219,550	0	1,000	220,550
Total Revenues	16,024,275	573,500	4,033,570	20,631,345
Expenditures				
Current:				
Instruction:				
Regular	8,342,463	0	1,846,222	10,188,685
Special	2,373,359	0	421,969	2,795,328
Vocational	332,192	0	0	332,192
Support Services:				
Pupils	469,936	0	201,646	671,582
Instructional Staff	420,273	0	117,725	537,998
Board of Education	233,854	0	2,000	235,854
Administration	1,395,169	0	681	1,395,850
Fiscal	340,248	0	1,283	341,531
Operation and Maintenance of Plant	1,886,681	72,852	951,784	2,911,317
Pupil Transportation	1,300,947	0	10,191	1,311,138
Central	106,045	0	5,000	111,045
Operation of Non-Instructional Services:				
Food Service Operations	0	0	1,311,064	1,311,064
Community Services	0	0	16,405	16,405
Extracurricular Activities	223,706	0	78,139	301,845
Total Expenditures	17,424,873	72,852	4,964,109	22,461,834
Excess of Revenues Over (Under) Expenditures	(1,400,598)	500,648	(930,539)	(1,830,489)
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	9,800	0	0	9,800
Transfers In	0	0	494,451	494,451
Transfers Out	(494,451)	0	0	(494,451)
Total Other Financing Sources (Uses)	(484,651)	0	494,451	9,800
Net Change in Fund Balance	(1,885,249)	500,648	(436,088)	(1,820,689)
Fund Balances at Beginning of Year	2,094,192	3,473,912	820,567	6,388,671
Fund Balances at End of Year	\$208,943	\$3,974,560	\$384,479	\$4,567,982

See accompanying notes to the basic financial statements

Rock Hill Local School District, Ohio
*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 (\$1,820,689)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:

Capital Asset Additions	446,441	
Depreciation Expense	<u>(2,055,904)</u>	(1,609,463)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Grants	202,881	
Delinquent Taxes	(14,272)	
Revenue in Lieu of Taxes	(573,500)	
Miscellaneous Revenue	<u>204,748</u>	(180,143)

Compensated absences 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.

(112,719)

Change in Net Assets of Governmental Activities

(\$3,723,014)

See accompanying notes to the basic financial statements

Rock Hill Local School District, Ohio
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$1,861,883	\$1,861,883	\$1,861,883	\$0
Intergovernmental	11,957,999	12,451,230	12,451,230	0
Investment Earnings	54,281	58,594	58,594	0
Tuition and Fees	57,696	1,518,945	1,518,945	0
Miscellaneous	249,317	302,240	302,240	0
<i>Total Revenues</i>	14,181,176	16,192,892	16,192,892	0
Expenditures				
Current:				
Instruction:				
Regular	7,939,716	8,215,345	8,210,601	4,744
Special	2,289,900	2,369,395	2,364,827	4,568
Vocational	324,471	335,735	335,440	295
Support Services:				
Pupils	453,263	468,998	467,960	1,038
Instructional Staff	381,986	395,247	394,481	766
Board of Education	324,790	336,065	336,065	0
Administration	1,359,651	1,406,852	1,404,396	2,456
Fiscal	384,367	397,710	397,094	616
Operation and Maintenance of Plant	2,139,099	2,213,358	2,206,432	6,926
Pupil Transportation	1,354,299	1,401,314	1,393,107	8,207
Central	109,787	113,598	113,598	0
Extracurricular Activities	224,591	232,388	232,388	0
<i>Total Expenditures</i>	17,285,920	17,886,005	17,856,389	29,616
<i>Excess of Revenues Under Expenditures</i>	(3,104,744)	(1,693,113)	(1,663,497)	29,616
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	0	9,800	9,800	0
Advances Out	(19,286)	(19,956)	(19,956)	0
Transfers Out	(477,862)	(494,451)	(494,451)	0
<i>Total Other Financing Sources (Uses)</i>	(497,148)	(504,607)	(504,607)	0
<i>Net Change in Fund Balance</i>	(3,601,892)	(2,197,720)	(2,168,104)	29,616
<i>Fund Balance at Beginning of Year</i>	2,998,653	2,998,653	2,998,653	0
Prior Year Encumbrances Appropriated	617,345	617,345	617,345	0
<i>Fund Balance at End of Year</i>	\$14,106	\$1,418,278	\$1,447,894	\$29,616

See accompanying notes to the basic financial statements

Rock Hill Local School District, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$33,454</u></u>
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Liabilities

Due to Others	\$5,267
Due to Students	<u>28,187</u>

Total Liabilities	<u><u>\$33,454</u></u>
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See accompanying notes to the basic financial statements

Rock Hill Local School District, Ohio

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

Note 1 - Description of the School District and Reporting Entity

Rock Hill Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's four instructional/support facilities staffed by 105 classified employees and 151 certified teaching and administrative personnel who provide services to 1,744 students and other community members.

Reporting Entity

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

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

The School District participates in the South Central Ohio Computer Association and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program and the Lawrence County Schools Insurance Purchasing Consortium, which are defined as insurance purchasing pools. These organizations are presented in Notes 16 and 17.

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.

Rock Hill Local School District, Ohio

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary fund. The statements usually distinguish between those activities that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

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

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

B. Fund Accounting

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

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

General Fund The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Permanent Improvements Capital Projects Fund The Permanent Improvements Capital Projects Fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities.

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

Rock Hill Local School District, Ohio

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

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities accounts for increases (revenues) and decreases (expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (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 fund financial 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 are prepared using the accrual basis of accounting. Fiduciary funds also use 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 Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, payment in lieu of taxes revenue, investment earnings, tuition, grants, and student fees.

Rock Hill Local School District, Ohio

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

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 eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents".

During fiscal year 2010, investments were limited to a repurchase agreement which is reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is credited to the General Fund and the Classroom Facilities Capital Projects Fund. Interest revenue credited to the General Fund during fiscal year 2010 amounted to \$58,594, which includes \$33,165 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 as cash and cash equivalents.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by State statute to be set-aside by the School District for budget stabilization. See Note 20 for additional information regarding set-asides.

G. Inventory

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

H. Capital Assets

All of the School District's capital assets are general capital assets resulting 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.

Rock Hill Local School District, Ohio

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of certain assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful life of the related capital asset. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	50 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	5-8 years

I. Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used aren't eliminated.

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

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.

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

The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment are paid.

Rock Hill Local School District, Ohio

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

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, claims and judgments and compensated absences that are 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.

L. 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 equity reserves have been established for encumbrances, property taxes, bus purchases, and budget stabilization.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

M. Interfund Balances

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net assets.

N. Estimates

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

O. 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 federal and state grants restricted for specific purposes.

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

Rock Hill Local School District, Ohio

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

P. Budgetary Process

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue.

The appropriation resolution is subject to amendment throughout the fiscal year with the restriction that appropriations may not exceed estimated resources. 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.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2010, the School District had no activity that met the definition of an extraordinary or special item.

Note 3 - Changes in Accounting Principles

For 2010, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 51, "Accounting and Financial Reporting for Intangible Assets"; Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments"; Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans"; and Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing the comparability of accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any material change to the School District's financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. It requires governments to measure derivative instruments, with the exception of synthetic guaranteed investment contracts that are fully benefit-responsive, at fair value in their economic resources measurement focus financial statements. The implementation of this statement did not result in any change in the School District's financial statements.

Rock Hill Local School District, Ohio

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

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers). The requirements in this Statement will allow more agent employers to use the alternative measurement method to produce actuarially based information for purposes of financial reporting and clarify that OPEB measures reported by agent multiple-employer OPEB plans and their participating employers should be determined at the same minimum frequency and as of a common date to improve the consistency of reporting with regard to funded status and funding progress information. The implementation of this statement did not result in any change in the School District's financial statements.

GASB Statement No. 58 provides accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The requirements in this Statement will provide more consistent recognition, measurement, display, and disclosure guidance for governments that file for Chapter 9 bankruptcy. The implementation of this statement did not result in any change in the School District's financial statements.

Note 4 - Fund Deficits

The following funds had deficit fund balances as of June 30, 2010:

	<u>Deficit</u>
Special Revenue Funds:	
Food Service	\$33,404
Title VI-B Idea	14,986
Title I	109,718
Title II-A	11,459

These deficits resulted from the recognition of payables recorded in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

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) as opposed to balance sheet transactions (GAAP).

Rock Hill Local School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

Net Change in Fund Balance	
GAAP Basis	(\$1,885,249)
Revenue Accruals	168,617
Expenditure Accruals	296,388
Advances	(19,956)
Encumbrances	<u>(727,904)</u>
Budget Basis	<u>(\$2,168,104)</u>

Note 6 - 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;
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 (STAR Ohio); and

Rock Hill Local School District, Ohio

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

8. Commercial paper and bankers acceptances if training requirements have been met. Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$1,122,017 of the School District's bank balance of \$1,372,017 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Investments As of June 30, 2010, the School District had an investment in a Repurchase Agreement. The fair value of the Repurchase Agreement was \$6,003,374, and the investment has a maturity of one day. The Repurchase agreement is invested in the following underlying securities:

	Carrying Value	Percentage of Investment
Federal Home Loan Mortgage Corporation Discount Notes	\$2,141,268	35.67%
Federal National Mortgage Association Discount Notes	3,862,106	64.33%
Totals	<u>\$6,003,374</u>	<u>100.00%</u>

Interest Rate Risk The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily. The stated intent of the investment policy is to avoid the need to sell securities prior to maturity.

Credit Rate Risk The Repurchase Agreement's underlying securities all carry a rating of AAA by Standard and Poor's. The School District's investment policy does not further limit its investment choices beyond State statute.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer and 100% of the School District's total investments is invested in the Repurchase Agreement.

Note 7 - Property Taxes

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

Rock Hill Local School District, Ohio

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

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

Public utility property tax revenue received in calendar 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 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2010 (other than public utility property) represents the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. 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 Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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, tangible personal property, and public utility 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 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations.

The amount available as an advance at June 30, 2010, was \$174,647 in the General Fund and \$3,145 in the Classroom Facilities Maintenance Special Revenue Fund. The amount available as an advance at June 30, 2009, was \$260,574 in the General Fund and \$4,632 in the Classroom Facilities Maintenance Special Revenue Fund.

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

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

Rock Hill Local School District, Ohio

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

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$73,168,020	75%	\$73,168,020	75%
Public Utility Personal	17,572,550	18%	17,572,550	18%
Tangible Personal Property	6,592,150	7%	6,592,150	7%
Total	\$97,332,720	100%	\$97,332,720	100%

Tax rate per \$1,000 of assessed valuation \$23.00 \$23.00

Note 8 - Receivables

Receivables at June 30, 2010, consisted of property taxes, accounts (rents, student fees, and tuition), interfund, intergovernmental receivables arising from grants and entitlements, and revenue in lieu of 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. The amount representing revenue in lieu of taxes receivable, not scheduled for collection during the subsequent fiscal year, is \$1,720,500. All other receivables, except delinquent property taxes, are expected to be collected in one year.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
School Lunch and Breakfast Program	\$13,005
Public Preschool	28,459
Title VI-B	47,772
School Improvement	17,084
Title I	512,995
Safe and Drug Free Schools	110
Title II-A	16,399
Miscellaneous	16,015
Total	\$651,839

Note 9 - Revenue in Lieu of Taxes

As provided by State law, the School District has entered into an agreement with a property owner under which real and tangible personal property tax abatements were granted to the property owner. The property owner has agreed to make payments to the School District which reflect all or a portion of the real and tangible personal property taxes which the property owner would have paid if the taxes had not been abated. There is no provision within the agreement which would allow the property owner to reduce payments to the School District due to the changing personal property tax system. The agreement provided for a total payout of \$9,635,000 over a 12 year period ending in fiscal year 2015. The School District received \$573,500 in revenue in lieu of taxes for fiscal year 2010. Based upon scheduled payments in this agreement, a receivable and deferred revenue has been recorded in the Permanent Improvements Capital Projects Fund.

Note 10 - 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. For fiscal year 2010, the School District contracted with The Netherlands Insurance Company for the following coverage:

Rock Hill Local School District, Ohio

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

Property	Deductible	Limits of Coverage
Building and Contents - Replacement Cost	\$1,000	\$51,264,000
General Liability:		
Each Occurrence	0	1,000,000
Aggregate Limit	0	2,000,000
Sexual Abuse	0	1,000,000
Products - Completed Operations Aggregate Limit	0	2,000,000
Personal and Advertising Injury Limit - Each Offense	0	1,000,000
Fire Damage Limit - Any One Event	0	500,000
Medical Expense:		
Any One Person	0	15,000
Any One Accident	0	15,000
Errors and Omissions:		
Each Occurrence	10,000	1,000,000
Aggregate Limit	10,000	1,000,000
Employers' Liability:		
Each Occurrence	0	1,000,000
Disease - Each Employee	0	1,000,000
Disease - Policy Limit	0	1,000,000
Employee Benefits Liability:		
Each Occurrence	1,000	1,000,000
Aggregate Limit	1,000	3,000,000
Hazardous Substances	0	25,000
CFC Refrigeration	0	100,000
Spoilage	0	25,000
Vehicles:		
Bodily Injury:		
Per Person	0	1,000,000
Per Accident	0	1,000,000
Property Damage	0	1,000,000
Uninsured Motorist:		
Per Person	100	1,000,000
Per Accident	100	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been so significant reduction in insurance coverage from fiscal year 2009.

B. Workers' Compensation

For fiscal year 2010, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

Rock Hill Local School District, Ohio

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

Note 11 - Capital Assets

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

	Balance at 6/30/09	Additions	Deductions	Balance at 6/30/10
Capital Assets:				
Capital Assets not being Depreciated:				
Land	\$817,657	\$0	\$0	\$817,657
Construction in Progress	432,240	42,871	457,619	17,492
Total Capital Assets not being Depreciated	1,249,897	42,871	457,619	835,149
Depreciable Capital Assets:				
Land Improvements	11,895,248	457,619	0	12,352,867
Buildings and Improvements	38,122,712	20,376	0	38,143,088
Furniture, Fixtures, and Equipment	1,612,948	222,812	8,310	1,827,450
Vehicles	2,315,991	160,382	235,975	2,240,398
Total Depreciable Capital Assets	53,946,899	861,189	244,285	54,563,803
Less Accumulated Depreciation:				
Land Improvements	3,728,193	593,946	0	4,322,139
Buildings and Improvements	10,344,554	1,231,837	0	11,576,391
Furniture, Fixtures, and Equipment	888,201	95,496	8,310	975,387
Vehicles	1,673,879	134,625	235,975	1,572,529
Total Accumulated Depreciation	16,634,827	2,055,904 *	244,285	18,446,446
Total Capital Assets being Depreciated, Net	37,312,072	(1,194,715)	0	36,117,357
Capital Assets, Net	\$38,561,969	(\$1,151,844)	\$457,619	\$36,952,506

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$699,450
Special	283,465
Vocational	24,080
Support Services:	
Pupils	48,322
Instructional Staff	48,322
Administration	114,582
Fiscal	18,100
Operation and Maintenance of Plant	151,762
Pupil Transportation	278,548
Food Service Operations	114,503
Extracurricular Activities	274,770
Total Depreciation Expense	\$2,055,904

Rock Hill Local School District, Ohio

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

Note 12 - 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 43215-3476.

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 \$432,600, \$265,864, and \$247,252, respectively; 45.62 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

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 St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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

Rock Hill Local School District, Ohio

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

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. 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 for the fiscal years ended June 30, 2010, 2009, and 2008, were \$1,205,856, \$1,097,456, and \$981,035, respectively; 82.84 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 \$10,440 made by the School District and \$7,457 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 have an option to choose Social Security or the School Retirement System. As of June 30, 2010, no members of the Board of Education had elected Social Security. The contribution rate is 6.2 percent of wages.

Note 13 - 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 for non-certified 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 obligations to contribute are established by the System based on authority granted by State statute. The financial report of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 E. Broad St., 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 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 \$177,543, \$169,359, and \$156,587, respectively; 29.09 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Rock Hill Local School District, Ohio

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

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare 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 \$25,916, \$23,268, and \$16,369, respectively; 41.52 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board the 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 2009, STRS Ohio allocated employer contributions equal to 1 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 \$84,499, \$84,420, and \$75,464, respectively; 82.84 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

Note 14 - Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty days vacation per fiscal year, depending upon length of service, and can accumulate up to a maximum of three years accrual. 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. Certified employees can accumulate sick leave to a maximum of 285 days, classified employees can accumulate sick leave to a maximum of 276 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave to a maximum of 60 days.

B. Insurance Benefits

Health insurance is provided by Athem Blue Cross and Blue Shield. Monthly premiums for this coverage are \$1,682 for family plans and \$681 for single plans. The School District pays 86% of these premiums for certificated employees and 95% for classified employees.

The School District provides life insurance and accidental death and dismemberment insurance to all employees through Guardian Life Insurance in the amount of \$50,000.

Rock Hill Local School District, Ohio

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

Note 15 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2010 were as follows:

	Principal Outstanding 6/30/09	Additions	Deductions	Principal Outstanding 6/30/10	Amount Due in One Year
Governmental Activities:					
Compensated Absences	\$1,092,468	\$178,208	\$65,489	\$1,205,187	\$64,136

The compensated absences payable will be paid from the fund from which the employees' salaries are paid, which includes the General Fund, and the Food Service, Title VI-B, Title I, and the Title II-A Special Revenue Funds.

The School District's overall legal debt margin was \$10,451,379, with an unvoted debt margin of \$1,161,048 at June 30, 2010.

Note 16 - Jointly Governed Organizations

A. South Central Ohio Computer Association

The South Central Ohio Computer Association (SCOCA) is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, and Lawrence Counties. The organization was formed with 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 of the seven participating counties and one representative from the fiscal agent. The School District paid \$114,142 for services provided during fiscal year 2010. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

B. Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization composed of over 136 school districts and other educational institutions in the 32-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 32 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. The School District's membership fee was \$300 for fiscal year 2010. To obtain financial information write to CORAS, McCracken Hall, Ohio University, Athens, Ohio 45701.

Rock Hill Local School District, Ohio

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

Note 17 - Insurance Purchasing Pools

A. Ohio School Boards Association Workers' Compensation Group Rating Program

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

B. Lawrence County Schools Insurance Purchasing Consortium

The School District participates in the Lawrence County Schools Insurance Purchasing Consortium, a health insurance purchasing pool. The consortium's business and affairs are conducted by a nine member Board of Directors consisting of the superintendents of member school districts and educational service centers.

Note 18 - Interfund Activity and Balances

A. Transfers

The General Fund made transfers to the Food Service and District Managed Activities Special Revenue Funds in the amounts of \$469,554 and \$24,897, respectively. The transfers were used to move unrestricted revenue collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

B. Interfund Balances

Interfund Balances at June 30, 2010, arise from the provision of cash flow resources from the General Fund until the receipt of grant monies by the Special Revenue Funds.

	Interfund Receivables	Interfund Payables
General Fund	\$231,312	\$0
Other Governmental Funds:		
Schoolnet Professional Development		6,000
Title VI-B Idea		14,827
School Improvement		5,129
Title I		204,243
Miscellaneous Federal Grants	0	1,113
Total Other Governmental Funds	0	231,312
Total All Funds	\$231,312	\$231,312

Rock Hill Local School District, Ohio

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

Note 19 - Contingencies

A. Grants

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

B. Litigation

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

Note 20 - Set-Aside Calculations

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by 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.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the school district's general fund or may be left in the account and used by the board to offset any budget deficit the school district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers' Compensation in the budget reserve pursuant to State Statute and at June 30, 2010, this is all that continues to be set-aside.

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-Aside Reserve Balance as of as of June 30, 2009	(\$567,892)	\$0	\$124,918
Current Year Set-Aside Requirement	280,735	280,735	0
Current Year Offsets	0	(613,336)	0
Qualifying Disbursements	(236,533)	(199,467)	0
Totals	(\$523,690)	(\$532,068)	\$124,918
Set-Aside Balance Carried Forward to Future Fiscal Years	(\$523,690)	\$0	\$124,918
Set-Aside Reserve Balance as of June 30, 2010	\$0	\$0	\$124,918

The School District had qualifying expenditures, disbursements, offsets, and carry forwards during the fiscal year that reduced the textbook and capital improvements set-aside amount below zero. The extra amount in the textbook set-aside may be used to reduce the set-aside requirements for future years.

Rock Hill Local School District
Lawrence County

Schedule of Receipts and Expenditures of Federal Awards
For the 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
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	\$ 205,181	\$ -	\$ 205,181	\$ -
National School Lunch Program	3L60	10.555	382,475	97,863	382,475	97,863
Total - Nutrition Cluster			587,656	97,863	587,656	97,863
Fresh Fruit and Vegetable Program	3L60	10.582	16,428	-	16,428	-
Total United States Department of Agriculture			604,084	97,863	604,084	97,863
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
<i>Special Education Cluster:</i>						
Special Education - Grants to States	3M20	84.027	387,479	-	467,484	-
ARRA - Special Education Grants to States, Recovery Act	3DJ0	84.391	100,899	-	94,899	-
Total Special Education Cluster			488,378	-	562,383	-
<i>Title I, Part A Cluster:</i>						
Title I Grants to Local Educational Agencies	3M00	84.010	993,206	-	998,226	-
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	3DK0	84.389	143,453	-	133,453	-
Total Title I, Part A Cluster			1,136,659	-	1,131,679	-
Safe and Drug Free Schools and Communities State Grants	3D10	84.186	13,363	-	12,001	-
Rural Education	3Y80	84.358	28,409	-	20,812	-
School Improvement Grants	3AN0	84.377	3,000	-	3,000	-
Education Technology State Grants	3S20	84.318	9,863	-	9,846	-
Improving Teacher Quality State Grants	3Y60	84.367	182,196	-	197,885	-
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	GRF	84.394	798,808	-	798,808	-
Total United States Department of Education			2,660,676	-	2,736,414	-
Total Federal Financial Assistance			\$ 3,264,760	\$ 97,863	\$ 3,340,498	\$ 97,863

See accompanying notes to the Schedule of Receipts and Expenditures of Federal Awards.

**ROCK HILL LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) summarizes activity of the School District's federal award programs and is presented on the cash basis of accounting.

NOTE B – FOOD DONATION

Nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received as assessed by the U.S. Department of Agriculture. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2010, the School District had no significant food commodities in inventory.

NOTE C – NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAMS

Federal funds received from the National School Lunch and Breakfast programs were commingled with state subsidy and local revenue from the sale of meals. It was assumed that federal dollars were expended first.



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

Members of the Board
Rock Hill Local School District
2325A County Road 26
Ironton, Ohio 45638

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rock Hill Local School District, Lawrence County, Ohio, (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 March 1, 2011, wherein we noted that the School District implemented GASB Statements No. 51, No. 53, No. 57, and No. 58. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

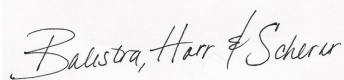
Compliance and Other Matters

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*.

We did note certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 1, 2011.

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

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



Balestra, Harr & Scherer, CPAs, Inc.

March 1, 2011



Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Members of the Board
Rock Hill Local School District
2325A County Road 26
Ironton, Ohio 45638

Compliance

We have audited the compliance of the Rock Hill Local School District (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 Rock Hill Local 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 of the School District's compliance with those requirements.

In our opinion, the Rock Hill Local 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. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2010-002.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with 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

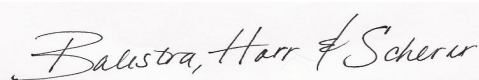
opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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 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.

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

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



Balestra, Harr & Scherer, CPAs, Inc.

March 1, 2011

Rock Hill Local School District
Schedule of Findings
OMB Circular A-133 Section .505
For the Fiscal Year Ended June 30, 2010

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)?	Yes
(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(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Special Education Cluster Special Education IDEA Part B: CFDA #84.027 Special Education IDEA Part B (ARRA): CFDA #84.391 Fiscal Stabilization Fund (ARRA) - CFDA #84.394 Title I, Part A Cluster Title I Grants to Local Education Agencies: CFDA #84.010 Title I Grants to Local Education Agencies (ARRA): CFDA #84.389
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

Rock Hill Local School District
 Schedule of Findings
 OMB Circular A-133 Section .505
 For the Fiscal Year Ended June 30, 2010

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

Finding Number 2010-001

Material Weakness

The School District has a capital asset policy that states the asset threshold, classifications, cost basis, disposal procedures, reporting protocol, and standing data requirement for all capital assets. However, the School District's policy does not state the useful life of each of the capital asset classifications. In addition, Valuation Engineers have not appraised the capital assets in several years and the School District does not have any tracking system in place for their capital assets.

The School District's capital asset policy should include the useful lives of each of the capital asset classifications. A capital asset recording system should be implemented to ensure the existence, proper recording and stating of capital assets. The effect could cause capital assets to be misstated.

The School District should revise its capital asset policy to include the useful lives of each capital asset classification. In addition, we recommend the School District contact the Valuation Engineers to perform an appraisal of capital assets to establish beginning balances and implement a capital asset system to ensure capital assets are properly stated.

Client Response

The Rock Hill School District will contract with Valuation Engineers Inc. to perform an appraisal on the School District's capital assets. The School District will attempt to get this appraisal completed by the end of the current fiscal year. The School District is in the process of reviewing and revising as necessary all policies. Changes to the capital asset policy will be made as soon as possible.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2010-002
CFDA Title and Number	Special Education Cluster Special Education IDEA Part B: CFDA #84.027 Special Education IDEA Part B (ARRA): CFDA #84.391 Fiscal Stabilization Fund (ARRA) - CFDA #84.394 Title I, Part A Cluster Title I Grants to Local Education Agencies: CFDA #84.010 Title I Grants to Local Education Agencies (ARRA): CFDA #84.389
Federal Award Year	2009-2010
Federal Agency	United States Department of Education

Noncompliance Citation – Reporting

Circular A-133 and Title 31 of the United States Code requires that the audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Rock Hill Local School District
Schedule of Findings
OMB Circular A-133 Section .505
For the Fiscal Year Ended June 30, 2010

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

The School District did not submit the required reports within this time frame for fiscal year 2009.

The School District should ensure that the audits required by Circular A-133 are properly performed and submitted when due. When extensions to the report submission due date are granted by the cognizant or oversight agency for audit, the School District should promptly notify the Federal clearinghouse designated by OMB and each pass-through entity providing Federal awards of the extension.

Corrective Action Plan for Finding 2010-002:

Finding Control Number: 2010-002

Summary of Finding: The School District did not submit the data collection form and reporting package within the required time frame for fiscal year 2009.

Statement of Concurrence: The School District is aware of Finding 2010-002 and agrees that the finding as stated is correct.

Corrective Action: The School District is working closely with its independent public accountant to ensure that all appropriate deadlines are met. The School District will ensure that this deadline is complied with for 2010 and all future years.

Contact Person: The official responsible for completing the corrective action is listed below:

Chris Robinson
Treasurer
Phone: (740) 532-7030
Fax: (740) 532-7043
Email: chris_rh@scoca-k12.org

Rock Hill Local School District
 Schedule of Prior Audit Findings
 OMB Circular A-133 Section .315(b)
 For the Fiscal Year Ended June 30, 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected: Significantly Different Corrective Action Taken; Finding No Long Valid; Explain
2009-001	OMB Cost Principles 2 CFR part 225 Appendix B section 8(h)(5)(a)-(d)	Yes	

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Dave Yost • Auditor of State

ROCK HILL LOCAL SCHOOL DISTRICT

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 5, 2011