

***INDIAN HILL EXEMPTED
VILLAGE SCHOOL DISTRICT***

HAMILTON COUNTY, OHIO

SINGLE AUDIT

For the Year Ended June 30, 2009

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA
Auditor of State

Board of Education
Indian Hill Exempted Village School District
6855 Drake Road
Cincinnati, Ohio 45243

We have reviewed the *Independent Accountant's Report* of the Indian Hill Exempted Village School District, Hamilton County, prepared by J.L. Uhrig and Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. 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 Indian Hill Exempted Village School District is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 2, 2010

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INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO
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Independent Accountant's Report

Board of Education
Indian Hill Exempted Village School District
6855 Drake Road
Cincinnati, Ohio 45243

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Hill Exempted Village School District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2009, and the respective changes in financial position 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 a report dated December 17, 2009 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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.

Indian Hill Exempted Village School District
Independent Accountant's Report

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the 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.

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

As described in Note 3 to the basic financial statements, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

December 17, 2009

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

The discussion and analysis of the Indian Hill Exempted Village School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- In total, net assets of governmental activities increased \$3,820,842, which represents a 10.51% increase from 2008.
- General revenues accounted for \$37,294,044 in revenue or 93.31% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,674,543 or 6.69% of total revenues of \$39,968,587.
- The District had \$36,147,745 in expenses related to governmental activities; only \$2,674,543 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$37,294,044 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$33,453,164 in revenues and other financing sources and \$30,057,787 in expenditures. During fiscal 2009, the general fund's fund balance increased \$3,395,377 from \$26,396,099 to \$29,791,476.
- The bond retirement fund had \$4,419,750 in revenues and \$3,416,249 in expenditures. During fiscal 2009, the bond retirement fund's fund balance increased \$1,003,501 from \$1,828,215 to \$2,831,716.
- The District has \$47,139,199 in capital assets at June 30, 2009. This amount is net of accumulated depreciation in the amount of \$23,477,514. Fiscal year 2009 depreciation expense was \$2,031,447. Total capital assets, net of related debt to acquire or construct the assets were \$8,689,078 at June 30, 2009.
- The District has \$40,727,564 in long-term liabilities outstanding at June 30, 2009. Of this total, \$2,533,559 is due within one year and \$38,194,005 is due in greater than one year.

Using These Basic Financial Statements (BFS)

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 District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the *financial position* of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

The statement of net assets and the statement of activities, include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, food service operations and uniform school supplies activities.

The District's statement of net assets and statement of activities can be found on pages 15-16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and bond retirement fund. All other governmental funds are considered non-major.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government 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 basic financial statements. The basic governmental fund financial statements can be found on pages 17-21 of this report.

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for students. These activities are reported in an agency fund. At June 30, 2009, the balances in the agency fund are reported in a separate statement of fiduciary net assets on page 22. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23-50 of this report.

The District as a Whole

During 2009 the District restated net assets as described in Note 3.A. The statement of net assets provides the perspective of the District as a whole. The table below provides a summary of the District's net assets for 2009 and 2008.

	Net Assets	
	Governmental Activities 2009	Restated Governmental Activities 2008
<u>Assets</u>		
Current and other assets	\$ 54,769,352	\$ 49,935,778
Capital assets	<u>47,139,199</u>	<u>48,933,803</u>
Total assets	<u>101,908,551</u>	<u>98,869,581</u>
<u>Liabilities</u>		
Current liabilities	21,013,794	20,143,041
Long-term liabilities	<u>40,727,564</u>	<u>42,380,189</u>
Total liabilities	<u>61,741,358</u>	<u>62,523,230</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	8,689,078	8,706,132
Restricted	2,884,843	2,075,805
Unrestricted	<u>28,593,272</u>	<u>25,564,414</u>
Total net assets	<u>\$ 40,167,193</u>	<u>\$ 36,346,351</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$40,167,193. Of this total \$2,884,843 is restricted in use resulting in a balance of unrestricted net assets of \$28,593,272.

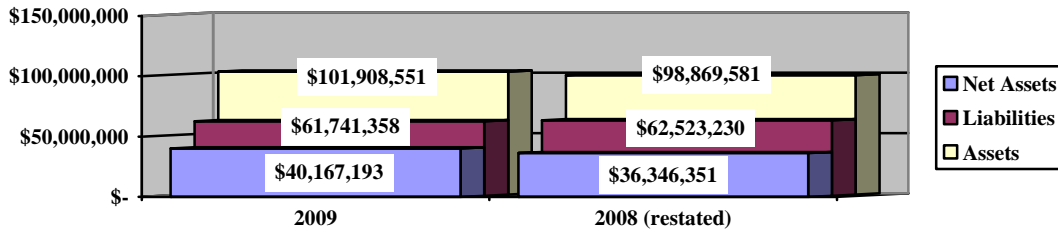
At fiscal year-end, capital assets represented 46.26% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$8,689,078. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$2,884,843, represents resources that are subject to external restriction on how they may be used. Of this total, \$25,954 is restricted for capital projects, \$2,605,258 is restricted for debt service, \$120,926 is restricted for state funded programs, \$814 is restricted for federally funded programs, and \$104,315 is restricted for student activities.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Governmental Activities



The table below shows the change in net assets for fiscal years 2009 and 2008. The District reclassified intergovernmental pass through expenditures for 2008 to operation of non-instructional services to conform to the 2009 presentation.

Change in Net Assets

	Governmental Activities 2009	Governmental Activities 2008
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 878,932	\$ 898,195
Operating grants and contributions	1,777,251	1,969,574
Capital grants and contributions	18,360	27,457
General revenues:		
Property taxes	28,408,312	27,711,223
Grants and entitlements	8,392,363	7,717,457
Investment earnings	472,169	914,866
Miscellaneous	21,200	28,604
Total revenues	<u>39,968,587</u>	<u>39,267,376</u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Change in Net Assets

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	15,130,675	14,228,275
Special	2,250,234	2,551,492
Vocational	98,708	103,493
Other	1,406,313	1,465,519
Support services:		
Pupil	2,205,085	2,201,128
Instructional staff	1,990,351	2,295,159
Board of education	23,653	17,642
Administration	2,164,698	2,054,669
Fiscal	755,279	778,851
Business	59,196	64,257
Operations and maintenance	3,344,002	3,134,263
Pupil transportation	1,787,378	2,088,737
Central	62,314	76,229
Operations of non-instructional services	1,248,700	1,106,399
Extracurricular activities	933,059	934,290
Food service operations	817,526	883,979
Interest and fiscal charges	<u>1,870,574</u>	<u>1,939,824</u>
Total expenses	<u>36,147,745</u>	<u>35,924,206</u>
Change in net assets	3,820,842	3,343,170
Net assets at beginning of year (restated)	<u>36,346,351</u>	<u>33,003,181</u>
Net assets at end of year	<u>\$ 40,167,193</u>	<u>\$ 36,346,351</u>

Governmental Activities

Net assets of the District's governmental activities increased \$3,820,842. Total governmental expenses of \$36,147,745 were offset by program revenues of \$2,674,543 and general revenues of \$37,294,044. Program revenues supported 7.40% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 92.07% of total governmental revenue.

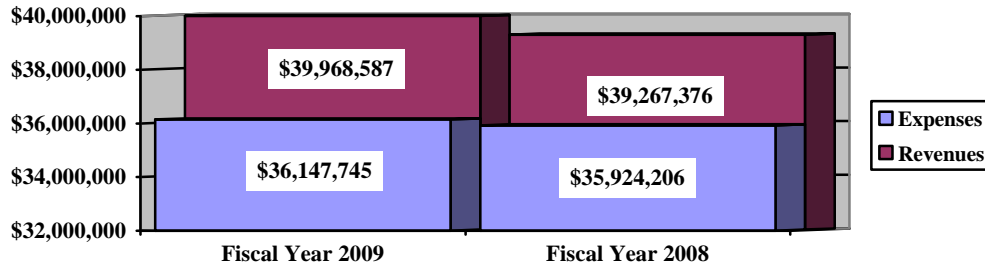
The largest expense of the District is for instructional programs. Instruction expenses totaled \$18,885,930 or 52.25% of total governmental expenses for fiscal year 2009.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2009 and 2008.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Intergovernmental pass through expenses have been reclassified to operation of non-instructional services to conform to the 2009 presentation.

Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
Program expenses				
Instruction:				
Regular	\$ 15,130,675	\$ 15,122,255	\$ 14,228,275	\$ 14,220,591
Special	2,250,234	2,150,727	2,551,492	2,413,467
Vocational	98,708	98,708	103,493	103,493
Other	1,406,313	965,934	1,465,519	948,799
Support services:				
Pupil	2,205,085	2,199,995	2,201,128	2,183,099
Instructional staff	1,990,351	1,931,196	2,295,159	2,219,429
Board of education	23,653	23,653	17,642	17,642
Administration	2,164,698	2,164,698	2,054,669	2,054,669
Fiscal	755,279	755,279	778,851	778,851
Business	59,196	59,196	64,257	64,257
Operations and maintenance	3,344,002	3,332,742	3,134,263	3,124,563
Pupil transportation	1,787,378	1,716,280	2,088,737	2,043,737
Central	62,314	56,198	76,229	68,678
Operations of non-instructional services	1,248,700	175,170	1,106,399	(30,333)
Extracurricular activities	933,059	714,074	934,290	735,429
Food service operations	817,526	136,523	883,979	142,785
Interest and fiscal charges	1,870,574	1,870,574	1,939,824	1,939,824
Total expenses	<u>\$ 36,147,745</u>	<u>\$ 33,473,202</u>	<u>\$ 35,924,206</u>	<u>\$ 33,028,980</u>

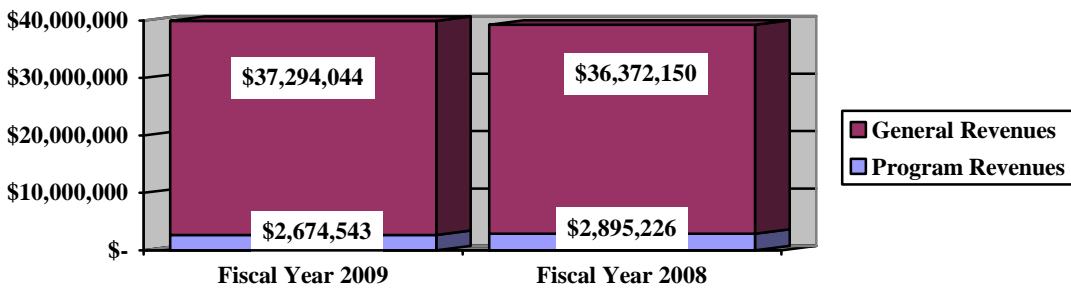
**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent, 97.10% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 92.60%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2009 and 2008.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$33,063,486, which is higher than last year's total of \$28,903,197. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance <u>June 30, 2009</u>	Fund Balance <u>June 30, 2008</u>	Increase <u>(Decrease)</u>
General	\$ 29,791,476	\$ 26,396,099	\$ 3,395,377
Bond Retirement	2,831,716	1,828,215	1,003,501
Other Governmental	440,294	678,883	(238,589)
Total	<u>\$ 33,063,486</u>	<u>\$ 28,903,197</u>	<u>\$ 4,160,289</u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

General Fund

The District's general fund balance increased \$3,395,377 from June 30, 2008. The table that follows assists in illustrating the financial activities of the general fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 24,605,211	\$ 24,694,235	\$ (89,024)	(0.36) %
Earnings on investments	466,400	930,425	(464,025)	(49.87) %
Intergovernmental	8,024,393	7,410,319	614,074	8.29 %
Other revenues	<u>50,160</u>	<u>55,567</u>	<u>(5,407)</u>	(9.73) %
Total	<u>\$ 33,146,164</u>	<u>\$ 33,090,546</u>	<u>\$ 55,618</u>	0.17 %
<u>Expenditures</u>				
Instruction	\$ 16,851,791	\$ 16,984,068	\$ (132,277)	(0.78) %
Support services	11,817,936	11,453,255	364,681	3.18 %
Operation of non-instructional services	46,883	32,456	14,427	44.45 %
Extracurricular activities	627,920	627,759	161	0.03 %
Capital outlay	178,462	692,543	(514,081)	(74.23) %
Debt service	<u>534,795</u>	<u>433,592</u>	<u>101,203</u>	23.34 %
Total	<u>\$ 30,057,787</u>	<u>\$ 30,223,673</u>	<u>\$ (165,886)</u>	(0.55) %

The decrease in tax revenue is due primarily to a decrease in the amount of real estate tax collected that was available as an advance at fiscal year-end. This amount can fluctuate depending upon when tax bills are sent. Earnings on investments decreased due to interest rate decreases by the Federal Reserve Bank on available investments. The decrease in capital outlay and increase in debt service is due to the amount of new capital leases entered into by the District. The large percentage increase for the operation of non-instructional services is immaterial when looked at as a dollar amount.

General Fund Budgeting Highlights

The 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 2009, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$31,807,001, which was lower than the original budgeted revenues estimate of \$32,615,095. Actual revenues and other financing sources for fiscal 2009 was \$31,807,880. Actual revenues were \$879 higher than the final budgeted revenues.

General fund original and final appropriations (appropriated expenditures plus other financing uses) were \$31,237,465 and \$31,237,665 respectively. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$30,222,072, which was \$1,015,593 less than the final budgeted appropriations.

Bond Retirement Fund

The District's bond retirement fund had revenues of \$4,419,750 and expenditures of \$3,416,249. During 2009 the bond retirement fund balance increased to \$2,831,716.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Capital Assets and Debt Administration

Capital Assets

During 2009, the District restated capital assets as described in Note 3.A. At the end of fiscal 2009, the District had \$47,139,199 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2009 balances compared to the fiscal 2008 balances:

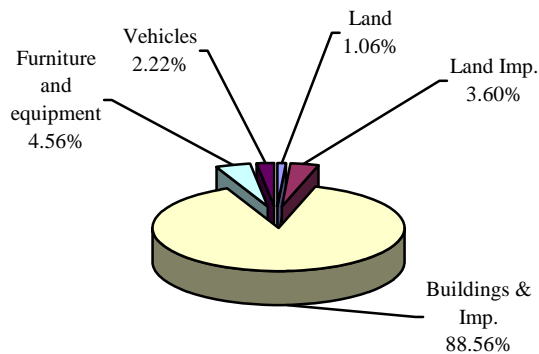
**Capital Assets at June 30
(Net of Depreciation)**

	<u>Governmental Activities</u>	
	<u>2009</u>	<u>Restated 2008</u>
Land	\$ 501,523	\$ 501,523
Land improvements	1,696,171	1,838,980
Buildings and improvements	41,743,184	42,880,125
Furniture and equipment	2,150,631	2,595,429
Vehicles	1,047,690	1,117,746
Total	<u>\$ 47,139,199</u>	<u>\$ 48,933,803</u>

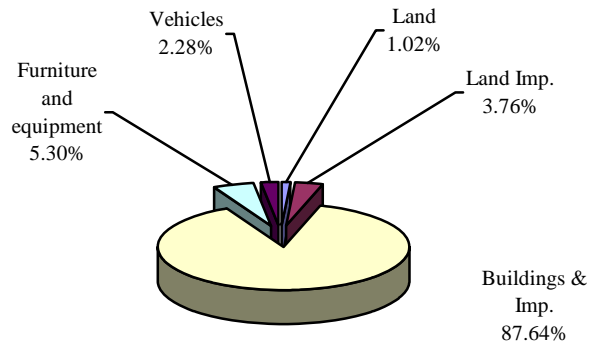
Total additions to capital assets for 2009 were \$248,718. The overall decrease in capital assets of \$1,794,604 is primarily due to depreciation expense of \$2,031,447.

The graphs below present the District's capital assets for fiscal 2009 and fiscal 2008.

**Capital Assets - Governmental Activities
2009**



**Capital Assets - Governmental Activities
2008**



See Note 8 to the basic financial statements for additional information on the District's capital assets.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

Debt Administration

At June 30, 2009, the District had \$39,457,530 in general obligation bonds and lease purchase agreements outstanding. Of this total, \$2,268,000 is due within one year and \$37,189,530 is due within more than one year. The following table summarizes the bonds and lease purchase agreements outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2009	Governmental Activities 2008
	<u>2009</u>	<u>2008</u>
General obligation bonds	\$ 38,346,530	\$ 39,937,881
Lease purchase agreement	<u>1,111,000</u>	<u>1,289,000</u>
Total	<u>\$ 39,457,530</u>	<u>\$ 41,226,881</u>

The District has issued various general obligation bonds to provide resources to finance construction projects throughout the District. The District's general obligation bonds consist of both current interest serial bonds and current interest term bonds. The District's debt activity is detailed in Note 9 to the basic financial statements.

Current Financial Related Activities

The District relies heavily upon property taxes, grants, and entitlements. These combined revenues increased slightly (3.87%) in fiscal year 2009. Similarly the District's expenditures increased about 0.62%.

The District has carefully managed its general fund budget in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. As the information in this report shows, the general fund cash balance was \$21,987,097 at June 30, 2009. The general fund cash balance includes interest earnings from the bond issue proceeds and bond tax collections as well as TIF funds received from the bond millage. On a GAAP basis, these amounts are consolidated with the general fund. Fiscal year-end general fund cash balances were \$21,615,045, \$19,966,629, \$16,762,806, \$13,025,282, \$11,134,900 at June 30 in Fiscal Years 2009, 2008, 2007, 2006, 2005, respectively. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance, allow a 5-year emergency levy to expire in 1998, obtain voter approval of a \$49.6 million bond issue in 2000, and continue a quality, comprehensive educational program.

The Board's five-year projections indicate that the district will remain financially stable through Fiscal Year 2014. With Board guidance, the recent fiscal year budgets have been carefully managed in order to prolong the timing of any operating request. The Board's timing for requesting additional operating funds will be triggered when the cash reserves equal one-fourth of a year's expenditures.

In November 2000, the Board submitted, and the electors of the District approved a 4.18-mill bond issue to generate \$49.6 million dollars to construct a new elementary, a new high school, and other district renovations to existing facilities. The interest income from the bond issue proceeds has been reserved to the general fund to offset operating deficits, fund capital projects not included in the bond issue, and provide for expenses inherent in operating larger facilities.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Several important legislative and judicial actions have occurred that have had significant impact on our School District. The Ohio Supreme Court ruled in March 1997 that the State of Ohio was operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." The State has not yet developed a school-funding plan that has been deemed acceptable by the Court, and ultimate resolution still seems to be some time in the future. There is concern that the State may not have the ability to fully fund the previously approved subsidies for primary and secondary education in the current State budget. And given the current economic climate, the biennial budget which was approved by the State in the Summer of 2009 for Fiscal Years 2010 and 2011 does not provides reduced funding for Indian Hill Schools in both years of the budget cycle as well as additional expenses, such as All-Day Kindergarten beginning in FY2011. The District anticipates declining real estate property valuations beginning in (tax year) 2011 following the Hamilton County sexennial reappraisal (tax year) 2011. In spite of this, the Board is committed to balancing its operating budget.

Steady or slightly decreasing enrollment over the past two years is a trend that has received, and will continue to receive, the attention of the Board and Administration. Reduced student counts have resulted in staffing reductions in targeted areas. Other areas of the operations are regularly evaluated for best practices in terms of effectiveness, efficiency and cost containment.

The District has committed itself to educational and financial excellence for many years. The budgeting and internal controls utilized by the School District are well regarded by the Auditor of State, as exemplified by the unqualified audit opinions that have been received. Each challenge identified in this section is viewed simultaneously as an opportunity for the District to foray down paths not previously traveled to continue its commitment to excellence. The District is committed to living within its financial means, and working with the community it serves in order to garner adequate resources to support the educational program.

Traditionally, our community has been supportive of school tax issues. We have had only two levy attempts fail in the last 30 years. In today's climate of no tax increases, passing an additional tax levy would be a challenge. The key will be informing our voters what needs exist. In explaining that ever since the DeRolph case declared the current state funding formula unconstitutional, the State has been directing additional revenue to low property wealth districts and not districts such as ours. The only way that districts such as ours can anticipate additional funding is through periodic reappraisals of real property or additional local property tax levies – an unlikely reality given today's economic picture.

At this time, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations. The District has not anticipated a significant growth in State Foundation revenue. The concern is that, to meet the requirements of the court, the State may require redistribution of commercial and industrial property tax. With approximately 20 percent of taxes paid for the District coming from business or industry, this could have a significant impact on the District's residential taxpayers.

The District has continued to maintain the highest standards of service to our students, parents and community. The District is always presented with challenges and opportunities. Overall, the District continues to perform at the highest level determined by the State of Ohio—Excellent with Distinction. Our most recent state report card shows the District students achieving a perfect 30 out of 30.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

Contacting the 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 District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Julia Toth, Treasurer, Indian Hill Exempted Village School District, 6855 Drake Road, Cincinnati, Ohio 45243.

BASIC
FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and investments	\$ 23,415,433
Cash with fiscal agent	257,995
Receivables:	
Taxes	28,883,981
Accounts	1,300
Intergovernmental	1,798,744
Accrued interest	86,716
Prepayments	1,588
Materials and supplies inventory.	9,836
Bond issuance costs	313,759
Capital assets:	
Land	501,523
Depreciable capital assets, net	46,637,676
Total capital assets, net.	<u>47,139,199</u>
 Total assets.	 <u>101,908,551</u>
Liabilities:	
Accounts payable.	245,379
Accrued wages and benefits	2,438,962
Pension obligation payable.	740,616
Intergovernmental payable	160,996
Unearned revenue	17,123,576
Accrued interest payable	275,773
Matured bonds payable	28,492
Long-term liabilities:	
Due within one year.	2,533,559
Due within more than one year	38,194,005
 Total liabilities	 <u>61,741,358</u>
Net Assets:	
Invested in capital assets, net of related debt.	8,689,078
Restricted for:	
Capital projects	25,954
Debt service.	2,605,258
State funded programs.	120,926
Federally funded programs.	814
Student activities.	104,315
Other purposes	27,576
Unrestricted	<u>28,593,272</u>
 Total net assets	 <u>\$ 40,167,193</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 15,130,675	\$ 1,600	\$ 6,820	\$ -	\$ (15,122,255)
Special	2,250,234	16,100	83,407	-	(2,150,727)
Vocational	98,708	-	-	-	(98,708)
Other	1,406,313	-	440,379	-	(965,934)
Support services:					
Pupil	2,205,085	-	5,090	-	(2,199,995)
Instructional staff	1,990,351	-	59,155	-	(1,931,196)
Board of education	23,653	-	-	-	(23,653)
Administration	2,164,698	-	-	-	(2,164,698)
Fiscal	755,279	-	-	-	(755,279)
Business	59,196	-	-	-	(59,196)
Operations and maintenance	3,344,002	11,260	-	-	(3,332,742)
Pupil transportation	1,787,378	-	52,738	18,360	(1,716,280)
Central	62,314	-	6,116	-	(56,198)
Operation of non-instructional services	1,248,700	-	1,073,530	-	(175,170)
Extracurricular activities	933,059	214,371	4,614	-	(714,074)
Food service operations	817,526	635,601	45,402	-	(136,523)
Interest and fiscal charges	1,870,574	-	-	-	(1,870,574)
Total governmental activities	\$ 36,147,745	\$ 878,932	\$ 1,777,251	\$ 18,360	(33,473,202)

General Revenues:

Property taxes levied for:	
General purposes	24,423,142
Debt service	3,985,170
Grants and entitlements not restricted to specific programs	8,392,363
Investment earnings	472,169
Miscellaneous	21,200
Total general revenues	37,294,044
Change in net assets	3,820,842
Net assets at beginning of year (restated)	36,346,351
Net assets at end of year	\$ 40,167,193

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments.	\$ 21,701,526	\$ 959,647	\$ 726,684	\$ 23,387,857
Cash with fiscal agent.	257,995	-	-	257,995
Receivables:				
Taxes	25,162,678	3,721,303	-	28,883,981
Accounts	1,300	-	-	1,300
Intergovernmental	1,491,985	251,385	55,374	1,798,744
Accrued interest	86,618	-	98	86,716
Prepayments	1,588	-	-	1,588
Materials and supplies inventory	-	-	9,836	9,836
Restricted assets:				
Equity in pooled cash and cash equivalents	27,576	-	-	27,576
Total assets	\$ 48,731,266	\$ 4,932,335	\$ 791,992	\$ 54,455,593
Liabilities:				
Accounts payable	\$ 49,408	\$ -	\$ 195,971	\$ 245,379
Accrued wages and benefits.	2,386,053	-	52,909	2,438,962
Compensated absences payable.	77,133	-	-	77,133
Pension obligation payable	697,087	-	43,529	740,616
Intergovernmental payable	157,081	-	3,915	160,996
Matured bonds payable.	28,492	-	-	28,492
Deferred revenue	475,000	46,579	55,374	576,953
Unearned revenue	15,069,536	2,054,040	-	17,123,576
Total liabilities	18,939,790	2,100,619	351,698	21,392,107
Fund Balances:				
Reserved for encumbrances	60,504	-	145,948	206,452
Reserved for materials and supplies inventory.	-	-	9,836	9,836
Reserved for property tax unavailable for appropriation	9,578,000	1,615,000	-	11,193,000
Reserved for prepayments	1,588	-	-	1,588
Reserved for debt service.	-	1,216,716	-	1,216,716
Reserved for capital maintenance	27,576	-	-	27,576
Unreserved, undesignated, reported in:				
General fund	20,123,808	-	-	20,123,808
Special revenue funds.	-	-	258,556	258,556
Capital projects funds.	-	-	25,954	25,954
Total fund balances	29,791,476	2,831,716	440,294	33,063,486
Total liabilities and fund balances	\$ 48,731,266	\$ 4,932,335	\$ 791,992	\$ 54,455,593

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009

Total governmental fund balances		\$	33,063,486
<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 and therefore are not reported in the funds.			47,139,199
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	489,971	
Intergovernmental revenue		55,374	
Accrued interest		31,608	
Total			576,953
Unamortized deferred charges on refundings are not recognized in the funds.			1,717,072
Unamortized premiums on bond and note issuances are not recognized in the funds.			(1,364,188)
Unamortized bond issuance costs are not recognized in the funds.			313,759
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		38,346,530	
Lease purchase agreement		1,111,000	
Compensated absences		1,545,785	
Accrued interest payable		275,773	
Total			(41,279,088)
Net assets of governmental activities		\$	40,167,193

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ 24,605,211	\$ 3,985,684	\$ -	\$ 28,590,895
Tuition	17,700	-	-	17,700
Earnings on investments	466,400	-	8,984	475,384
Charges for services	-	-	635,601	635,601
Extracurricular	-	-	214,371	214,371
Rental income	11,260	-	-	11,260
Contributions and donations	-	-	4,714	4,714
Other local revenues	21,200	-	-	21,200
Intergovernmental - intermediate sources	2,728,216	-	-	2,728,216
Intergovernmental - state	5,296,177	434,066	982,081	6,712,324
Intergovernmental - federal	-	-	700,487	700,487
Total revenue	33,146,164	4,419,750	2,546,238	40,112,152
Expenditures:				
Current:				
Instruction:				
Regular	13,666,987	-	9,074	13,676,061
Special	2,091,572	-	85,892	2,177,464
Vocational	100,760	-	-	100,760
Other	992,472	-	414,190	1,406,662
Support Services:				
Pupil	2,148,905	-	13,921	2,162,826
Instructional staff	1,751,808	-	58,962	1,810,770
Board of education	23,653	-	-	23,653
Administration	2,235,975	-	-	2,235,975
Fiscal	706,996	46,268	-	753,264
Business	59,196	-	-	59,196
Operations and maintenance	3,308,629	-	-	3,308,629
Pupil transportation	1,521,447	-	5,142	1,526,589
Central	61,327	-	987	62,314
Operation of non-instructional services	46,883	-	1,176,974	1,223,857
Food service operations	-	-	708,448	708,448
Extracurricular activities	627,920	-	207,289	835,209
Facilities acquisition and construction	-	-	103,948	103,948
Capital outlay	178,462	-	-	178,462
Debt service:				
Principal retirement	485,000	1,705,000	-	2,190,000
Interest and fiscal charges	49,795	1,664,981	-	1,714,776
Total expenditures	30,057,787	3,416,249	2,784,827	36,258,863
Excess of revenues over (under) expenditures	3,088,377	1,003,501	(238,589)	3,853,289
Other financing sources:				
Proceeds of lease purchase agreement	307,000	-	-	307,000
Total other financing sources	307,000	-	-	307,000
Net change in fund balances	3,395,377	1,003,501	(238,589)	4,160,289
Fund balances at beginning of year	26,396,099	1,828,215	678,883	28,903,197
Fund balances at end of year	\$ 29,791,476	\$ 2,831,716	\$ 440,294	\$ 33,063,486

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, 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, 2009

Net change in fund balances - total governmental funds	\$	4,160,289
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense (\$2,031,447) exceeds capital outlays (\$248,718) in the current period.		(1,782,729)
The net effect of various miscellaneous transactions involving capital assets (i.e.; disposals, sales, trade-ins, and donations) is to decrease net assets.		(11,875)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(143,565)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		1,705,000
Repayment of lease purchase agreement principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		485,000
Proceeds of lease purchase agreements are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.		(307,000)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(106,112)
Unamortized premiums on bond issuances are not recognized in the funds.		132,516
Unamortized deferred charges on refundings are not recognized in the funds.		(155,135)
Unamortized bond issuance costs are not recognized in the funds.		(27,067)
Some expenses reported in the statement of activities, such as compensated absences, future retirement obligations, and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(128,480)
Change in net assets of governmental activities	\$	3,820,842

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, 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, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 25,072,966	\$ 24,451,741	\$ 24,452,417	\$ 676
Tuition	16,509	16,100	16,100	-
Earnings on investments	467,331	455,752	455,765	13
Other local revenues	30,289	29,539	29,540	1
Intergovernmental - intermediate	2,797,453	2,728,141	2,728,216	75
Intergovernmental - state	3,900,734	3,804,087	3,804,192	105
Total revenue	<u>32,285,282</u>	<u>31,485,360</u>	<u>31,486,230</u>	<u>870</u>
Expenditures:				
Current:				
Instruction:				
Regular	14,134,955	14,135,046	13,675,490	459,556
Special	2,187,136	2,187,150	2,116,042	71,108
Vocational	88,825	88,826	85,938	2,888
Other	1,022,671	1,022,678	989,429	33,249
Support Services:				
Pupil	2,144,957	2,144,971	2,075,234	69,737
Instructional staff	2,185,228	2,185,242	2,114,196	71,046
Board of education	24,434	24,434	23,640	794
Administration	2,317,017	2,317,032	2,241,701	75,331
Fiscal	737,698	737,703	713,719	23,984
Business	67,740	67,740	65,538	2,202
Operations and maintenance	3,446,498	3,446,520	3,334,467	112,053
Pupil transportation	1,783,177	1,783,188	1,725,213	57,975
Central	63,369	63,369	61,309	2,060
Operation of non-instructional services	49,232	49,232	47,631	1,601
Extracurricular activities	653,746	653,750	632,495	21,255
Total expenditures	<u>30,906,683</u>	<u>30,906,881</u>	<u>29,902,042</u>	<u>1,004,839</u>
Excess of revenues over expenditures	<u>1,378,599</u>	<u>578,479</u>	<u>1,584,188</u>	<u>1,005,709</u>
Other financing sources (uses):				
Advances in	328,121	319,991	320,000	9
Advances out	(330,751)	(330,753)	(320,000)	10,753
Proceeds from sale of capital assets	1,692	1,650	1,650	-
Refund of prior year receipt	(31)	(31)	(30)	1
Total other financing sources (uses)	<u>(969)</u>	<u>(9,143)</u>	<u>1,620</u>	<u>10,763</u>
Net change in fund balance	1,377,630	569,336	1,585,808	1,016,472
Fund balance at beginning of year	19,911,374	19,911,374	19,911,374	-
Prior year encumbrances appropriated	55,266	55,266	55,266	-
Fund balance at end of year	<u>\$ 21,344,270</u>	<u>\$ 20,535,976</u>	<u>\$ 21,552,448</u>	<u>\$ 1,016,472</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Agency
Assets:	
Equity in pooled cash and investments	\$ 43,149
Total assets	\$ 43,149
Liabilities:	
Accounts payable.	\$ 776
Due to students	42,373
Total liabilities	\$ 43,149

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Indian Hill Exempted Village School District (the "District") is located in Hamilton County, including all of the Village of Indian Hill, Ohio, and portions of surrounding townships. The District serves an area of approximately 23 square miles.

The District was established in 1936 through the consolidation of existing land areas and school districts. The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the school district is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District was originally chartered by the Ohio State Legislature. In 1853, State laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.09 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by State and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 228 certified teaching and administrative personnel and 113 classified personnel to provide services to 2,063 students and other community members, which ranks it 256th out of 922 public school districts and community schools in the State of Ohio.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 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 District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is comprised of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

JOINTLY GOVERNED ORGANIZATION

Hamilton/Clermont Cooperative Association

The District is a participant in the Hamilton/Clermont Cooperative Association (HCCA) which is a computer consortium. HCCA is an association of 31 public school districts within the boundaries of Hamilton and Clermont Counties. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member school districts. The Governing Board of HCCA consists of the superintendents and/or treasurers of the participating districts. HCCA is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Financial information can be obtained from the HCCA Board of Education, Al Porter, Director, at 7615 Harrison Avenue, Cincinnati, Ohio 45231-3107.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participated in a group rating plan for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP) was established as an insurance purchasing pool. The GRP is governed by a three-member Board of Directors. 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. Refer to Note 10.B for further information on the GRP.

On January 1, 2009, the District stopped participating in the GRP. As of June 30, 2009, the District does not participate in any group rating program.

B. Fund Accounting

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

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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 District's major governmental funds:

General fund - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - A debt service fund provided for the retirement of serial bonds and short term loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation which is levied for debt charges on bonds or loans, shall be paid into this fund.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities; (b) grants and other resources whose use is restricted to a particular purpose; and (c) food service and uniform school supplies operations.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

Agency funds do not report a measurement focus as they do not report operations.

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. Governmental funds use the modified accrual basis of accounting. Agency funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are 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 District, available means expected to be received within sixty days of fiscal year end.

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

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise 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, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2009 are recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the general fund's budgetary statement comparison at the fund and function level of expenditures.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased tax rates). By no later than January 20, the Board-adopted budget is filed with Hamilton County Budget Commission for rate determination.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts from the certificate of amended resources that was in effect at the time the final appropriations were passed by the Board of Education.

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

Lapsing of Appropriations:

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

During fiscal year 2009, investments were limited to federal agency securities, U.S. Government money market mutual funds and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earning are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$466,400, which includes \$25,383 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method which means that the cost of inventory items is recorded as an expenditure in the governmental funds when consumed.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintained a capitalization threshold of \$2,500 for its general capital assets during fiscal year 2009. The 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.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 - 30 years
Buildings and improvements	20 - 40 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 15 years

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2009, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least five years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2009, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

J. 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 will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

K. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, property tax unavailable for appropriation, prepayments, debt service, and capital maintenance. The reserve for property tax unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist 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 or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

M. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved on the fund financial statements by an amount equal to the carrying value of the asset.

N. Estimates

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

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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

O. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. See Note 15 for additional information regarding set-asides.

P. Interfund Activity

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 basic financial statements.

Interfund activity between governmental funds is eliminated in the statement of activities.

Q. Parochial Schools

Within the District boundaries, All Saints, St. Vincent Ferrer, Holy Trinity Episcopal, Cincinnati Country Day, and Yavneh Day schools operate as parochial schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the District, as directed by the school. The receipt and expenditure of these State monies by the District are reflected in a nonmajor governmental fund for financial reporting purposes because the District has administrative involvement in the disbursement of the monies.

R. 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. Neither type of transaction occurred during fiscal year 2009.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

For fiscal year 2009, the District has reported a prior period adjustment in the governmental activities in order to properly report the June 30, 2008 balance of accumulated depreciation in the vehicles component of capital assets. This prior period adjustment had the following effect on net assets in the governmental activities, as previously stated in the prior reporting period:

Governmental activities

Net assets, June 30, 2008	\$ 36,166,351
Adjustment for accumulated depreciation on vehicles	<u>180,000</u>
Restated net assets, July 1, 2008	<u><u>\$ 36,346,351</u></u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Change in Accounting Principles

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56, "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

C. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
SchoolNet professional development	\$ 13
IDEA part B grants	47,891
Title I disadvantaged children	7,384
IDEA preschool-handicapped	40

These funds complied with Ohio State law, which does not permit a cash basis deficit at year end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. These deficit fund balances are the result of adjustments for accrued liabilities.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool;
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash with Fiscal Agent

At June 30, 2009, the District had cash with fiscal agent in the amount of \$257,995, which was held by the Columbus Regional Airport Authority. This amount is not included in the deposit amounts reported below, and is not a part of the internal cash management pool reported on the basic financial statements as "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$7,440,449. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$500,000 of the District's bank balance of \$7,857,245 was covered by the Federal Deposit Insurance Corporation, while \$7,357,245 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Ohio Revised Code, is held in a single financial institution, collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2009, the District had the following investments and maturities:

<u>Investment</u>	<u>Fair Market Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
FHLB	\$ 5,225,692	\$ 4,153,119	\$ 1,072,573
FHLMC	2,386,961	1,987,824	399,137
FNMA	2,314,663	1,234,468	1,080,195
U.S. Treasury Bills	1,573,240	1,573,240	-
U.S. Treasury money market fund	3,806,143	3,806,143	-
STAR Ohio	711,434	711,434	-
Total	<u>\$ 16,018,133</u>	<u>\$ 13,466,228</u>	<u>\$ 2,551,905</u>

The weighted average maturity of investments is 0.23 years.

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's investment policy addresses interest rate risk by requiring the consideration of cash flow requirements and market conditions in determining the term of an investment, and limiting investment portfolio maturities to five years or less.

Credit Risk: The District's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The District's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of market value, or by default. However, the District's investment policy does not place any limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 5,225,692	32.63%
FHLMC	2,386,961	14.90%
FNMA	2,314,663	14.45%
U.S. Treasury Bills	1,573,240	9.82%
U.S. Treasury money market fund	3,806,143	23.76%
STAR Ohio	<u>711,434</u>	<u>4.44%</u>
Total	<u>\$ 16,018,133</u>	<u>100.00%</u>

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 7,440,449
Investments	16,018,133
Cash with fiscal agent	<u>257,995</u>
Total	<u>\$ 23,716,577</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 23,673,428
Agency funds	<u>43,149</u>
Total	<u>\$ 23,716,577</u>

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, 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 revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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NOTE 5 - PROPERTY TAXES - (Continued)

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, 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 District prior to June 30.

The District receives property taxes from Hamilton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$9,578,000 in the general fund and \$1,615,000 in the bond retirement debt service fund. These amounts are recorded as revenue. The amount available for advance at June 30, 2008 was \$9,269,000 in the general fund and \$1,135,000 in the bond retirement debt service fund. The amount of second-half real property taxes available for advance at fiscal year end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Real estate property	\$ 1,303,052,350	97.85	\$ 1,329,631,510	99.21
Public utility personal property	9,922,110	0.75	9,746,330	0.73
Tangible personal property	<u>18,630,440</u>	<u>1.40</u>	<u>853,837</u>	<u>0.06</u>
Total	<u>\$ 1,331,604,900</u>	<u>100.00</u>	<u>\$ 1,340,231,677</u>	<u>100.00</u>

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

General operations	\$42.92	\$42.92
Bond retirement	2.50	3.40

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 28,883,981
Accounts	1,300
Intergovernmental	1,798,744
Accrued interest	<u>86,716</u>
Total	<u>\$ 30,770,741</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 7 - LEASE-PURCHASE AGREEMENT

During fiscal year 2009 and in prior fiscal years, the District entered into a lease-purchase agreement with the Columbus Regional Airport Authority totaling \$2,322,000 in order to finance the acquisition of school buses and computers, laptops, and tablets. The source of revenue to fund the principal and interest payments is derived from general operating revenues of the District. Capital lease payments are reported as function expenditures on a budgetary basis. However, these payments have been reclassified and are reported as debt service expenditures in the fund financial statements. During fiscal year 2009, the District made principal and interest payments of \$485,000 and \$49,795, respectively, on the lease-purchase agreement.

A liability in the amount of the present value of minimum lease payments has been recorded on the statement of net assets. Capital assets consisting of vehicles and equipment have been capitalized in the amount of \$2,322,000.

The following is a schedule of the future minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2009:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 467,434
2011	220,026
2012	136,312
2013	137,157
2014	120,894
2015 - 2017	<u>125,812</u>
Total minimum lease payments	1,207,635
Less: amount representing interest	<u>(96,635)</u>
Total	<u>\$ 1,111,000</u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Restated Balance			Balance
<u>Governmental activities:</u>	<u>06/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/09</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 501,523	\$ -	\$ -	\$ 501,523
<i>Total capital assets, not being depreciated</i>	<u>501,523</u>	<u>-</u>	<u>-</u>	<u>501,523</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,845,804	-	-	2,845,804
Buildings and improvements	57,173,740	101,383	-	57,275,123
Equipment and furniture	7,735,484	68,965	(55,486)	7,748,963
Vehicles	2,218,947	78,370	(52,017)	2,245,300
<i>Total capital assets, being depreciated</i>	<u>69,973,975</u>	<u>248,718</u>	<u>(107,503)</u>	<u>70,115,190</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,006,824)	(142,809)	-	(1,149,633)
Buildings and improvements	(14,293,615)	(1,238,324)	-	(15,531,939)
Equipment and furniture	(5,140,055)	(507,433)	49,156	(5,598,332)
Vehicles	(1,101,201)	(142,881)	46,472	(1,197,610)
<i>Total accumulated depreciation</i>	<u>(21,541,695)</u>	<u>(2,031,447)</u>	<u>95,628</u>	<u>(23,477,514)</u>
Total capital assets, net	<u>\$ 48,933,803</u>	<u>\$ (1,782,729)</u>	<u>\$ (11,875)</u>	<u>\$ 47,139,199</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,099,570
Special	55,353
Vocational	11,021
<u>Support services:</u>	
Pupil	29,214
Instructional staff	173,272
Administration	35,489
Fiscal	2,075
Operations and maintenance	34,494
Pupil transportation	320,207
Operation of non-instructional services	24,143
Extracurricular activities	97,850
Food service operations	148,759
Total depreciation expense	<u>\$ 2,031,447</u>

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 9 - LONG-TERM OBLIGATIONS

- A. During fiscal year 2009, the following changes occurred in governmental activities long-term obligations:

<u>Governmental activities:</u>	<u>Balance</u> <u>06/30/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/09</u>	<u>Amount Due</u> <u>Within</u> <u>One Year</u>
<u>General Obligation Bonds:</u>					
Current interest bonds-series 2001	\$ 6,560,000	\$ -	\$ (1,455,000)	\$ 5,105,000	\$ 1,575,000
Current interest bonds-series 2006	11,645,000	-	(125,000)	11,520,000	130,000
Capital appreciation bonds-series 2006	1,200,000	-	-	1,200,000	-
Accreted interest-series 2006	282,881	113,649	-	396,530	-
Current interest bonds-series 2007	<u>20,250,000</u>	<u>-</u>	<u>(125,000)</u>	<u>20,125,000</u>	<u>130,000</u>
Total general obligation bonds	<u>39,937,881</u>	<u>113,649</u>	<u>(1,705,000)</u>	<u>38,346,530</u>	<u>1,835,000</u>
<u>Other Long-Term Obligations:</u>					
Lease purchase agreement	1,289,000	307,000	(485,000)	1,111,000	433,000
Compensated absences	<u>1,528,811</u>	<u>402,859</u>	<u>(308,752)</u>	<u>1,622,918</u>	<u>265,559</u>
Total other long-term obligations	<u>2,817,811</u>	<u>709,859</u>	<u>(793,752)</u>	<u>2,733,918</u>	<u>698,559</u>
Total governmental activities	<u>\$ 42,755,692</u>	<u>\$ 823,508</u>	<u>\$ (2,498,752)</u>	41,080,448	<u>\$ 2,533,559</u>
Add: Unamortized premium on bonds				1,364,188	
Less: Deferred loss on advance refunding				<u>(1,717,072)</u>	
Total on statement of net assets				<u>\$ 40,727,564</u>	

The lease purchase agreement is paid out of the general fund. Compensated absences will be paid out of the fund from which the employee is paid, primarily the general fund.

- B. On April 1, 2001, the District issued \$49,600,000 in general obligation bonds (Series 2001, School Facilities Improvement Bonds). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligations account group. Payments of principal and interest relating to these bonds are recorded as expenditures of the debt service fund. The source of payment is derived from a current 4.18 (average) mil bonded debt tax levy.

This issue is comprised of current interest serial bonds, par value \$31,070,000, and current interest term bonds, par value \$18,530,000.

The bonds maturing on December 1, 2020 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amount as follows:

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal Amount Subject</u> <u>to Mandatory Redemption</u>
2019	\$ 3,245,000

Unless previously redeemed, the remaining principal amount of \$3,465,000 will mature at stated maturity (December 1, 2020).

The bonds maturing on December 1, 2023 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amount as follows:

<u>Redemption Date</u> <u>(December 1)</u>	<u>Principal Amount Subject</u> <u>to Mandatory Redemption</u>
2021	\$ 3,695,000
2022	3,935,000

Unless previously redeemed, the remaining principal amount of \$4,190,000 will mature at stated maturity (December 1, 2023).

The bonds maturing on or after December 1, 2012, are subject to optional redemption, in whole or in part on any date at the option of the District on or after December 1, 2011, at par.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2023.

During fiscal year 2006, the District advance refunded a portion of the general obligation bonds - series 2001. The bonds which have been advance refunded were originally scheduled to mature on and from December 1, 2014 through and including December 1, 2018.

During fiscal year 2007, the District advance refunded a portion of the general obligation bonds - series 2001. The bonds which have been advance refunded were originally scheduled to mature on December 1, 2012, December 1, 2013, and on and from December 1, 2019 through and including December 1, 2023.

- C. On July 19, 2005, the District issued general obligation bonds in order to advance refund a portion of the general obligation bonds - series 2001. The bonds which have been advance refunded were originally scheduled to mature on and from December 1, 2014 through and including December 1, 2018. Proceeds of the issuance were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issue is comprised of both current interest bonds, par value \$12,020,000, and capital appreciation bonds, par value \$1,200,000. The interest rates on the current interest bonds range from 3.00% to 5.00%. The capital appreciation bonds mature on December 1, 2015 (effective interest rate of 7.5219%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The present value (as of the issue date) reported on the statement of net assets at June 30, 2009 is \$1,200,000. Total accreted interest of \$396,530 has also been included on the statement of net assets.

Neither the current interest bonds nor the capital appreciation bonds are subject to early redemption.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity of the current interest bonds is December 1, 2018.

This advance refunding was undertaken in order to reduce total debt service payments by \$691,579, and resulted in an economic gain of \$546,491.

- D. On December 13, 2006, the District issued general obligation bonds in order to advance refund a portion of the general obligation bonds - series 2001. The bonds which have been advance refunded were originally scheduled to mature on December 1, 2012, December 1, 2013, and on and from December 1, 2019 through and including December 1, 2023. Proceeds of the issuance were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

The refunding issue is comprised of current interest bonds, par value \$20,400,000. The interest rates on the current interest bonds range from 4.00% to 4.75%.

The current interest bonds are not subject to early redemption.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity of the current interest bonds is December 1, 2022.

This advance refunding was undertaken in order to reduce total debt service payments by \$6,829,742, and resulted in an economic gain of \$4,042,516.

- E. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2009 are as follows:

Fiscal Year	Current Interest Bonds - Series 2001		
	Principal	Interest	Total
2010	\$ 1,575,000	\$ 2,048,800	\$ 3,623,800
2011	1,700,000	1,966,925	3,666,925
2012	1,830,000	1,885,537	3,715,537
Total	\$ 5,105,000	\$ 5,901,262	\$ 11,006,262

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year	Current Interest Bonds - Series 2006			Capital Appreciation Bonds - Series 2006		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 130,000	\$ 531,575	\$ 661,575	\$ -	\$ -	\$ -
2011	130,000	522,675	652,675	-	-	-
2012	135,000	523,450	658,450	-	-	-
2013	140,000	519,063	659,063	-	-	-
2014	145,000	514,162	659,162	-	-	-
2015 - 2019	<u>10,840,000</u>	<u>1,744,888</u>	<u>12,584,888</u>	<u>1,200,000</u>	<u>1,380,000</u>	<u>2,580,000</u>
Total	<u>\$ 11,520,000</u>	<u>\$ 4,355,813</u>	<u>\$ 15,875,813</u>	<u>\$ 1,200,000</u>	<u>\$ 1,380,000</u>	<u>\$ 2,580,000</u>

Fiscal Year	Current Interest Bonds - Series 2007		
	Principal	Interest	Total
2010	\$ 130,000	\$ 856,132	\$ 986,132
2011	135,000	850,931	985,931
2012	145,000	845,531	990,531
2013	2,110,000	839,731	2,949,731
2014	2,245,000	755,331	3,000,331
2015 - 2019	600,000	3,281,656	3,881,656
2020 - 2023	<u>14,760,000</u>	<u>1,656,751</u>	<u>16,416,751</u>
Total	<u>\$ 20,125,000</u>	<u>\$ 9,086,063</u>	<u>\$ 29,211,063</u>

F. Legal Debt Margins

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District.

The assessed valuation used in determining the District's legal debt margins has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculations excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The effects of these debt limitations at June 30, 2009 are a legal voted debt margin of \$84,548,552 (including available funds of \$2,831,716), a legal unvoted debt margin of \$1,329,632, and a legal energy conservation debt margin of \$11,966,684.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - RISK MANAGEMENT

A. Comprehensive and Employee Health Benefits

The District does not have a “self-insurance” fund with formalized risk management programs.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the fiscal year, the District contracted with Indiana Insurance Company for general liability insurance with a \$1,000,000 single occurrence and a \$2,000,000 aggregate. Property insurance carries a \$2,500 deductible.

The bus fleet and maintenance vehicles are insured by The Indiana Insurance Company with a \$250 deductible and \$1,000,000 limit per occurrence.

The District provides life and dental insurance to eligible employees through Sun Life Insurance and Dental Care Plus, respectively.

The District has elected to provide employee medical/surgical benefits through Anthem Blue Cross/Blue Shield.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2008.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

B. Workers' Compensation

During fiscal year 2009, the District participated in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the “equity pooling fund”. This “equity pooling” arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

On January 1, 2009, the District stopped participating in the GRP. As of June 30, 2009, the District does not participate in any group rating program.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007, were \$394,768, \$386,749, and \$418,538, respectively; 47.76 percent has been contributed for fiscal year 2009, and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 11 - PENSION PLANS - (Continued)

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.

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007, were \$1,920,373, \$1,902,337, and \$1,846,420, respectively; 80.33 percent has been contributed for fiscal year 2009, and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$13,403 made by the District and \$72,447 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad 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 105(e). For 2009, 4.16 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 2009, the actuarially determined amount was \$35,800.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007, were \$299,024, \$242,990, and \$201,046, respectively; 47.76 percent has been contributed for fiscal year 2009, and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007, were \$28,676, \$27,866, and \$28,461, respectively; 47.76 percent has been contributed for fiscal year 2009, and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007, were \$143,364, \$146,334, and \$142,032, respectively; 80.33 percent has been contributed for fiscal year 2009, and 100 percent for fiscal years 2008 and 2007.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

The statement of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented 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 the GAAP basis are that:

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis); and,
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 1,585,808
Net adjustment for revenue accruals	1,659,934
Net adjustment for expenditure accruals	(218,354)
Net adjustment for other financing sources/uses	305,380
Adjustment for encumbrances	62,609
GAAP basis	\$ 3,395,377

NOTE 14 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not a party to legal proceedings that would have a material effect on the financial condition of the District.

**INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 15 - STATUTORY RESERVES

The 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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years.

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

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>
Set-aside balance as of June 30, 2008	\$ (1,432,955)	\$ 30,625
Current year set-aside requirement	346,775	346,775
Current year qualifying expenditures	<u>(490,198)</u>	<u>(349,824)</u>
Total	<u>\$ (1,576,378)</u>	<u>\$ 27,576</u>
Balance carried forward to fiscal year 2010	<u>\$ (1,576,378)</u>	<u>\$ 27,576</u>

The District had qualifying expenditures during the year for instructional materials that reduced the set-aside amount below zero. This excess amount for the instructional materials set-aside may be used to reduce the set-aside requirement of future years, and accordingly has been presented as being carried forward to the subsequent fiscal year.

A schedule of the governmental fund restricted assets at June 30, 2009 follows:

Amount restricted for capital maintenance	<u>\$ 27,576</u>
Total restricted assets	<u>\$ 27,576</u>

INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO

Schedule of Federal Awards and Expenditures
For the Fiscal Year Ended June 30, 2009

Federal Grantor / Pass Through Grantor / Program Title	Pass Through Entity Number	Federal CFDA Number	Cash Receipts	Non-Cash Receipts	Cash Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
National School Lunch Program	3L60	10.555	48,941	55,716	48,941	55,716
Total U.S. Department of Agriculture			48,941	55,716	48,941	55,716
<u>U.S. Department of Education</u>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	3M00	84.010	82,501	0	81,006	0
<i>Special Education Cluster:</i>						
Special Education - Grants to States (IDEA Part B)	3M20	84.027	505,749	0	534,921	0
Special Education - Preschool	3C50	84.173	4,195	0	4,195	0
<i>Total Special Education Cluster</i>			509,944	0	539,116	0
Safe and Drug-Free Schools and Communities	3D10	84.186	5,462	0	5,537	0
Innovative Educational Program Strategies	3M10	84.298	2,683	0	4,085	0
Technology Literacy Challenge	3S20	84.318	761	0	590	0
Improving Teacher Quality	3Y60	84.367	52,810	0	52,391	0
Total U.S. Department of Education			654,161	0	682,725	0
Total Federal Financial Assistance			\$703,102	\$55,716	\$731,666	\$55,716

Note 1 - Noncash Federal Financial Assistance

During the year ended June 30, 2009, the District received fair value inventory under the Nutrition Cluster - Food Distribution (Commodities) Program, that is included with 10.555 in the above schedule. Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received. Donated commodities are used first, and ending inventory consists of purchased commodities. At June 30, 2009, the District had no significant food commodities inventory.

Note 2 - Significant Accounting Policies

The District prepares its Schedule of Federal Awards Expenditures on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

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

Board of Education
Indian Hill Exempted Village School District
6855 Drake Road
Cincinnati, Ohio 45243

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Indian Hill Exempted Village School District (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 17, 2009, in which we noted that the District implemented GASB Statements No. 49, No. 52, No. 55, and No. 56. 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 District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

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

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

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

Indian Hill Exempted Village School District
Independent Accountant's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards

Compliance and Other Matters

As part of reasonably assuring whether the 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 have noted a certain matter that we have reported to the management of the District in a separate letter dated December 17, 2009.

We intend this report solely for the information and use of the audit committee, the Board of Education, management, 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.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

December 17, 2009

**Independent Accountant's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control
over Compliance in Accordance with OMB Circular A-133**

Board of Education
Indian Hill Exempted Village School District
6855 Drake Road
Cincinnati, Ohio 45243

Compliance

We have audited the compliance of Indian Hill Exempted Village School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs identifies the District's major federal programs. The 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 District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are apply to each of its major federal programs for the year ended June 30, 2009.

Internal Control over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of internal control over compliance.

Indian Hill Exempted Village School District
Independent Accountant's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

December 17, 2009

INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON COUNTY, OHIO
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

A. SUMMARY OF AUDITOR'S RESULTS

1. Type of Financial Statement Opinion	Unqualified
2. Were there any material internal control weaknesses reported at the financial statement level (GAGAS)?	No
3. Were there any other reportable internal control weaknesses reported at the financial statement level (GAGAS)?	No
4. Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
5. Were there any material internal control weaknesses reported for major federal programs?	No
6. Were there any other reportable internal control weaknesses reported for major federal programs?	No
7. Type of Major Programs' Compliance Opinion	Unqualified
8. Are there any reportable findings under § .510?	No
9. Major Programs (list):	Special Education Cluster CFDA # 84.027 and # 84.173
10. Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All Other Programs
11. Low Risk Auditee?	Yes

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

There were no findings related to the financial statements required to be reported in accordance with GAGAS.

C. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.

Independent Accountant's Report on Applying Agreed-Upon Procedures

Indian Hill Exempted Village School District
Hamilton County
6855 Drake Road
Cincinnati, Ohio 45243

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Indian Hill Exempted Village School District has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on January 8, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events.
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to an investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure fro any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student’s rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semi-annually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Education and management and is not intended to be and should not be used by anyone other than these specified parties.

J. L. Uhrig and Associates, Inc.

J.L. UHRIG AND ASSOCIATES, INC.

December 17, 2009



Mary Taylor, CPA
Auditor of State

INDIAN HILL EXEMPTED VILLAGE SCHOOL DISTRICT
HAMILTON 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
FEBRUARY 16, 2010