



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

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2000**



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

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**STATE OF OHIO**



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

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## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Ripley Union Lewis Huntington Local School District, Brown County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the fiscal year then ended in conformity with generally accepted accounting principles.

As more fully described in Note 25 to the general-purpose financial statements, the District changed the method of estimating compensated absences, from the vesting method to the termination method. The District also changed their policy to close all depreciation relating to contributed assets into the contributed capital equity account.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

January 10, 2001

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

**Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2000**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$632,669	\$277,222	\$543,426	\$1,074,676
Receivables:				
Taxes	1,381,381	31,970	383,636	0
Accounts	6,353	0	0	0
Intergovernmental	21,226	12,839	0	0
Accrued Interest	25,873	0	0	0
Interfund Receivable	9,103	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	24,740	0	0	0
Prepaid Items	16,455	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	88,118	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for Retirement of General Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$2,205,918</b>	<b>\$322,031</b>	<b>\$927,062</b>	<b>\$1,074,676</b>



<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Agency</u>			
\$43,973	\$34,261	\$0	\$0	\$2,606,227
0	0	0	0	1,796,987
1,153	0	0	0	7,506
0	0	0	0	34,065
0	0	0	0	25,873
0	0	0	0	9,103
8,364	0	0	0	8,364
283	0	0	0	25,023
177	0	0	0	16,632
0	0	0	0	88,118
82,891	0	15,882,650	0	15,965,541
0	0	0	586,642	586,642
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,774,270</u>	<u>3,774,270</u>
<u><b>\$136,841</b></u>	<u><b>\$34,261</b></u>	<u><b>\$15,882,650</b></u>	<u><b>\$4,360,912</b></u>	<u><b>\$24,944,351</b></u>

*(continued)*

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

**Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2000  
(Continued)**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b><u>Liabilities, Fund Equity and Other Credits:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$11,628	\$47,987	\$0	\$67
Contracts Payable	18,430	120	0	10,585
Accrued Wages and Benefits	639,710	92,089	0	0
Compensated Absences Payable	50,415	5,646	0	0
Interfund Payable	0	9,103	0	0
Intergovernmental Payable	139,448	17,294	0	447
Deferred Revenue	1,232,788	28,369	340,420	0
Undistributed Monies	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	2,092,419	200,608	340,420	11,099
<b><u>Fund Equity and Other Credits:</u></b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	35,534	42,214	0	25,344
Reserved for Inventory	24,740	0	0	0
Reserved for Property Taxes	148,593	3,601	43,216	0
Reserved for Budget Stabilization	88,118	0	0	0
Unreserved:				
Designated				
Designated for Budget Stabilization	41,163	0	0	0
Undesignated (Deficit)	(224,649)	75,608	543,426	1,038,233
Total Fund Equity and Other Credits	113,499	121,423	586,642	1,063,577
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$2,205,918</b>	<b>\$322,031</b>	<b>\$927,062</b>	<b>\$1,074,676</b>

See accompanying notes to the financial statements.

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Agency</u>			
\$150	\$0	\$0	\$0	\$59,832
0	0	0	0	29,135
18,957	0	0	0	750,756
6,842	0	0	600,733	663,636
0	0	0	0	9,103
15,714	0	0	64,687	237,590
6,045	0	0	0	1,607,622
0	34,261	0	0	34,261
<u>0</u>	<u>0</u>	<u>0</u>	<u>3,695,492</u>	<u>3,695,492</u>
<u>47,708</u>	<u>34,261</u>	<u>0</u>	<u>4,360,912</u>	<u>7,087,427</u>
0	0	15,882,650	0	15,882,650
20,629	0	0	0	20,629
68,504	0	0	0	68,504
0	0	0	0	103,092
0	0	0	0	24,740
0	0	0	0	195,410
0	0	0	0	88,118
0	0	0	0	41,163
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,432,618</u>
<u>89,133</u>	<u>0</u>	<u>15,882,650</u>	<u>0</u>	<u>17,856,924</u>
<u><b>\$136,841</b></u>	<u><b>\$34,261</b></u>	<u><b>\$15,882,650</b></u>	<u><b>\$4,360,912</b></u>	<u><b>\$24,944,351</b></u>

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

**Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b><u>Revenues:</u></b>					
Property Taxes	\$1,474,781	\$32,140	\$385,684	\$0	\$1,892,605
Intergovernmental	5,348,100	1,003,024	44,034	12,780	6,407,938
Interest	85,709	567	0	55,513	141,789
Tuition and Fees	2,943	0	0	0	2,943
Rent	5,722	278	0	0	6,000
Extracurricular Activities	0	53,544	0	0	53,544
Gifts and Donations	2,389	1,345	0	0	3,734
Miscellaneous	144,085	6,900	0	0	150,985
<b>Total Revenues</b>	<b>7,063,729</b>	<b>1,097,798</b>	<b>429,718</b>	<b>68,293</b>	<b>8,659,538</b>
<b><u>Expenditures:</u></b>					
Current:					
Instruction:					
Regular	3,138,946	522,450	0	0	3,661,396
Special	455,614	298,245	0	0	753,859
Vocational	257,086	4,343	0	0	261,429
Adult/Continuing	2,294	5,112	0	0	7,406
Support Services:					
Pupils	273,200	2,092	0	0	275,292
Instructional Staff	473,556	191,872	0	0	665,428
Board of Education	89,649	0	0	0	89,649
Administration	703,900	52,894	0	0	756,794
Fiscal	216,743	1,056	12,676	0	230,475
Operation and Maintenance of Plant	763,135	32,291	0	0	795,426
Pupil Transportation	637,175	4,188	0	0	641,363
Central	69,901	5,000	0	0	74,901
Non-Instructional Services	1,843	28,364	0	0	30,207
Extracurricular Activities	102,692	33,302	0	0	135,994
Capital Outlay	13,037	0	0	250,771	263,808
Debt Service:					
Principal Retirement	19,430	0	270,500	0	289,930
Interest and Fiscal Charges	2,539	0	125,546	0	128,085
Intergovernmental	0	8,532	0	0	8,532
<b>Total Expenditures</b>	<b>7,220,740</b>	<b>1,189,741</b>	<b>408,722</b>	<b>250,771</b>	<b>9,069,974</b>
Excess of Revenues Over (Under) Expenditures	(157,011)	(91,943)	20,996	(182,478)	(410,436)
<b><u>Other Financing Sources (Uses):</u></b>					
Operating Transfers In	0	0	54,994	0	54,994
Proceeds from Sale of Fixed Assets	2,117	0	0	0	2,117
Operating Transfers Out	(80,994)	0	0	0	(80,994)
<b>Total Other Financing Sources (Uses)</b>	<b>(78,877)</b>	<b>0</b>	<b>54,994</b>	<b>0</b>	<b>(23,883)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(235,888)	(91,943)	75,990	(182,478)	(434,319)
Fund Balances at Beginning of Year	335,765	213,366	510,652	1,246,055	2,305,838
Increase in Reserve for Inventory	13,622	0	0	0	13,622
<b>Fund Balances at End of Year</b>	<b>\$113,499</b>	<b>\$121,423</b>	<b>\$586,642</b>	<b>\$1,063,577</b>	<b>\$1,885,141</b>

See accompanying notes to the financial statements.

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

**Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2000**

	<b>General Fund</b>			<b>Special Revenue Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b><u>Revenues:</u></b>						
Property Taxes	\$1,525,902	\$1,525,902	\$0	\$33,153	\$33,153	\$0
Intergovernmental	5,414,381	5,414,381	0	1,021,245	1,021,245	0
Interest	87,160	85,869	(1,291)	544	567	23
Tuition and Fees	2,863	2,943	80	0	0	0
Rent	5,722	5,722	0	278	278	0
Extracurricular Activities	0	0	0	53,544	53,544	0
Gifts and Donations	2,389	2,389	0	1,345	1,345	0
Miscellaneous	118,452	118,452	0	6,900	6,900	0
<b>Total Revenues</b>	<b>7,156,869</b>	<b>7,155,658</b>	<b>(1,211)</b>	<b>1,117,009</b>	<b>1,117,032</b>	<b>23</b>
<b><u>Expenditures:</u></b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	3,045,869	3,045,869	0	506,086	506,086	0
Special	442,367	442,367	0	293,233	293,233	0
Vocational	253,420	253,420	0	4,343	4,343	0
Adult/Continuing	2,290	2,290	0	5,112	5,112	0
<b>Support Services:</b>						
Pupils	269,265	269,265	0	5,592	5,592	0
Instructional Staff	461,418	461,418	0	196,420	196,420	0
Board of Education	95,249	95,249	0	0	0	0
Administration	690,111	690,111	0	46,726	46,726	0
Fiscal	213,239	213,239	0	1,056	1,056	0
Operation and Maintenance of Plant	774,461	774,461	0	46,270	46,270	0
Pupil Transportation	646,275	646,275	0	4,261	4,261	0
Central	78,574	78,574	0	5,000	5,000	0
Non-Instructional Services	2,297	2,297	0	51,683	51,683	0
Extracurricular Activities	102,548	102,548	0	33,350	33,350	0
Capital Outlay	13,037	13,037	0	0	0	0
<b>Debt Service:</b>						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>7,090,420</b>	<b>7,090,420</b>	<b>0</b>	<b>1,199,132</b>	<b>1,199,132</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	66,449	65,238	(1,211)	(82,123)	(82,100)	23
<b><u>Other Financing Sources (Uses):</u></b>						
Proceeds from Sale of Fixed Assets	2,117	2,117	0	0	0	0
Refund of Prior Year Expenditures	640	640	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(80,994)	(80,994)	0	0	0	0
Advances In	288,550	290,550	2,000	158,259	158,259	0
Advances Out	(253,253)	(253,253)	0	(155,556)	(155,556)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(42,940)</b>	<b>(40,940)</b>	<b>2,000</b>	<b>2,703</b>	<b>2,703</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	23,509	24,298	789	(79,420)	(79,397)	23
Fund Balances at Beginning of Year	552,855	552,855	0	243,399	243,399	0
Prior Year Encumbrances Appropriated	86,878	86,878	0	23,352	23,352	0
<b>Fund Balances at End of Year</b>	<b>\$663,242</b>	<b>\$664,031</b>	<b>\$789</b>	<b>\$187,331</b>	<b>\$187,354</b>	<b>\$23</b>

See accompanying notes to the financial statements.

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$397,835	\$397,835	\$0	\$0	\$0	\$0
44,034	44,034	0	12,780	12,780	0
0	0	0	53,197	55,513	2,316
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>441,869</u>	<u>441,869</u>	<u>0</u>	<u>65,977</u>	<u>68,293</u>	<u>2,316</u>
0	0	0	62,457	62,457	0
0	0	0	0	0	0
0	0	0	2,250	2,250	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	863	863	0
0	0	0	0	0	0
0	0	0	0	0	0
12,676	12,676	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	18,347	18,347	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	202,876	202,876	0
270,500	270,500	0	0	0	0
<u>125,546</u>	<u>125,546</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>408,722</u>	<u>408,722</u>	<u>0</u>	<u>286,793</u>	<u>286,793</u>	<u>0</u>
<u>33,147</u>	<u>33,147</u>	<u>0</u>	<u>(220,816)</u>	<u>(218,500)</u>	<u>2,316</u>
0	0	0	0	0	0
0	0	0	620	620	0
54,994	54,994	0	0	0	0
0	0	0	0	0	0
54,994	54,994	0	0	0	0
<u>(54,994)</u>	<u>(54,994)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>54,994</u>	<u>54,994</u>	<u>0</u>	<u>620</u>	<u>620</u>	<u>0</u>
88,141	88,141	0	(220,196)	(217,880)	2,316
455,285	455,285	0	1,157,958	1,157,958	0
0	0	0	103,615	103,615	0
<u>\$543,426</u>	<u>\$543,426</u>	<u>\$0</u>	<u>\$1,041,377</u>	<u>\$1,043,693</u>	<u>\$2,316</u>

*Ripley Union Lewis Huntington Local School District  
Brown County*

*Combined Statement of Revenues,  
Expenses and Changes in Retained Earnings  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2000*

	<b>Enterprise</b>
<b><u>Operating Revenues:</u></b>	
Tuition	\$1,153
Sales	\$232,623
	233,776
<b><u>Operating Expenses:</u></b>	
Salaries	153,210
Fringe Benefits	53,163
Purchased Services	1,853
Materials and Supplies	43,612
Cost of Sales	229,324
Depreciation	5,257
Other	266
	486,685
Total Operating Expenses	486,685
Operating Loss	(252,909)
<b><u>Non-Operating Revenues:</u></b>	
Federal Donated Commodities	34,406
Interest	1,636
Federal and State Subsidies	224,796
	260,838
Total Non-Operating Revenues	260,838
Net Income Before Transfers	7,929
Operating Transfers In	26,000
Net Income	33,929
Retained Earnings at Beginning of Year (Restated - Note 25)	34,575
Retained Earnings at End of Year	\$68,504
Contributed Capital at Beginning of Year	24,061
Depreciation on Fixed Assets Acquired by Contributed Capital	(3,432)
Contributed Capital at End of Year	20,629
<b>Total Fund Equity at End of Year</b>	<b>\$89,133</b>

See accompanying notes to the financial statements.



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

**Combined Statement of Revenues, Expenses and  
Changes in Fund Equity - Budget and Actual (Budget Basis)  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2000**

	<b>Enterprise</b>		<b>Variance Favorable (Unfavorable)</b>
	<b>Revised Budget</b>	<b>Actual</b>	
<b><u>Revenues:</u></b>			
Sales	233,615	233,615	0
Interest	1,565	1,636	(71)
Federal and State Subsidies	255,490	255,490	0
Total Revenues	<u>490,670</u>	<u>490,741</u>	<u>(71)</u>
<b><u>Expenses:</u></b>			
Salaries	152,750	152,750	0
Fringe Benefits	53,424	53,424	0
Purchased Services	1,712	1,712	0
Materials and Supplies	241,130	241,130	0
Other	266	266	0
Capital Outlay	280	280	0
Total Expenses	<u>449,562</u>	<u>449,562</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	41,108	41,179	(71)
Operating Transfers In	26,000	26,000	0
Advances In	40,000	40,000	0
Advances Out	<u>(80,000)</u>	<u>(80,000)</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses, Transfer and Advances	27,108	27,179	(71)
Fund Equity at Beginning of Year	11,500	11,500	0
Prior Year Encumbrances Appropriated	<u>4,244</u>	<u>4,244</u>	<u>0</u>
<b>Fund Equity at End of Year</b>	<b><u><u>\$42,852</u></u></b>	<b><u><u>\$42,923</u></u></b>	<b><u><u>(\$71)</u></u></b>

See accompanying notes to the financial statements.

*Ripley Union Lewis Huntington Local School District  
Brown County*

*Combined Statement of Cash Flows  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2000*

	<b>Enterprise</b>
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>	
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from Customers	\$233,615
Cash Payments to Suppliers for Goods and Services	(242,072)
Cash Payments to Employees for Services	(152,750)
Cash Payments for Employee Benefits	(53,424)
Cash Payments for Other Operating Expenses	(266)
Net Cash Used for Operating Activities	(214,897)
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>	
Operating Grants Received	255,490
Operating Transfers In	26,000
Short-Term Loans from Other Funds	40,000
Repayment of Short-Term Loans	(80,000)
Net Cash Provided by Noncapital Financing Activities	241,490
<b><u>Cash Flows from Investing Activities:</u></b>	
Interest on Investments	1,636
Net Increase in Cash and Cash Equivalents	28,229
Cash and Cash Equivalents at Beginning of Year	15,744
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$43,973</b>
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></b>	
Operating Loss	(\$252,909)
<b><u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u></b>	
Depreciation	5,257
Donated Commodities Used During Year	34,406
<b><u>Changes in Assets and Liabilities:</u></b>	
Decrease in Accounts Receivable	(161)
Decrease in Inventory Held for Resale	2,094
Increase in Materials and Supply Inventory	15
Decrease in Accounts Payable	150
Increase in Accrued Wages	526
Decrease in Compensated Absences Payable	(35)
Decrease in Intergovernmental Payable	(292)
Decrease in Deferred Revenue	(3,948)
Total Adjustments	38,012
<b>Net Cash Used for Operating Activities</b>	<b>(\$214,897)</b>

See accompanying notes to the financial statements.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

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

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

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

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

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

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

The Ripley Union School District was established in 1956 through the consolidation of existing land areas and school districts. The School District serves an area of 91 square miles. It is located in Brown County, including all of the Village of Ripley, Ohio, and portions of surrounding townships. The School District is the 382<sup>nd</sup> largest in the State of Ohio (among 611 school districts) in terms of enrollment. This Board of Education controls the School District's two instructional support facilities staffed by 60 non-certificated and 91 teaching personnel and 13 administrative employees providing education to 1,433 students.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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

**Reporting Entity**

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

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

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

The following activities are included within the reporting entity:

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

The School District is associated with four organizations, two of which are defined as jointly governed organizations, one as an insurance purchasing pool, and one as a public entity shared risk pool. These organizations are the South Central Ohio Computer Association (SCOCA), Hopewell Special Education Regional Resource Center (Hopewell), the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Brown County Schools Benefits Consortium. These organizations are presented in Notes 19, 20 and 21 to the general purpose financial statements.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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

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

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

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

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

Governmental Fund Types:

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

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

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

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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

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

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

Proprietary Fund Type:

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

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

Fiduciary Fund Type:

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

Account Groups:

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

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

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

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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

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

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The School District has no contributed capital. Proprietary funds' operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, grants, investment earnings, tuition, student fees and charges for services.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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

in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Process**

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

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

**Tax Budget:**

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

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

**Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves



Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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

as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditure, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, 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, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions. Prior to year-end, the School District passed a supplemental appropriation that reflected actual expenditures and encumbrances for the fiscal year.

Encumbrances:

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

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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

**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.

**D. Cash and Cash Equivalents**

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

During fiscal year 2000, the School District's investments were limited to certificates of deposit. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$85,709, which includes \$63,596 assigned from other School District funds. The special revenue, capital projects and enterprise funds also received interest in the amounts of \$567, \$55,513, and \$1,636, respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

**E. Inventory**

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

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid item is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

**G. Fixed Assets and Depreciation**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

**H. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program  
State Property Tax Relief  
School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Venture Capital  
Local Professional Block Development Grant  
Education Management Information System  
Eisenhower Math/Science  
Title I  
Title VI  
Title VI-B  
Title VI-R  
Building American Communities  
Drug Free Schools Program  
Governor's Community Service Council Challenge  
Learn and Save  
Disadvantaged Pupil Impact Aid  
School Net Professional Development  
Worth-E.

Capital Projects Funds

School Net  
Technology Equity

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program  
Government Donated Commodities

Grants and entitlements received in governmental funds amounted to approximately 74 percent of governmental fund revenue during the 2000 fiscal year.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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

**I. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

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

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

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

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

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

**L. Interfund Transactions**

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

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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

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

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 24 for additional information regarding set-asides.

**N. Fund Balance Reserves and Designations**

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

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

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designation reflects the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations may arise when amounts set-aside for HB 412 purposes exceed the statutory required amount. The amount designated for budget stabilization this year for the School District is \$41,163. The HB 412 set-aside amounts reported as designated rather than reserved are not reported as restricted assets.

**O. Estimates**

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

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

Total columns on the general purpose financial statements are captioned "Totals-(Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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

do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - FUND DEFICITS**

Fund balances at June 30, 2000, included the following funds with individual fund deficits:

<u>Special Revenue Funds</u>	
Disadvantaged Pupil Impact Aid	\$23,819
Title I	37,938
<u>Capital Projects Fund</u>	
SchoolNet	367

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

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$235,888)	(\$91,943)	\$75,990	(\$182,478)
Adjustments:				
Revenue Accruals	92,569	19,234	12,151	620
Expenditure Accruals	187,076	80,477	0	(5,039)
Advances	37,297	2,703	0	0
Encumbrances	(56,756)	(89,868)	0	(30,983)
Budget Basis	\$24,298	(\$79,397)	\$88,141	(\$217,880)

Net Income/Excess of Revenues Over  
Expenses, Transfers and Advances  
Proprietary Fund Type

	Enterprise
GAAP Basis	\$26,919
Adjustments:	
Revenue Accruals	(3,873)
Expense Accruals	36,494
Advances	(40,000)
Depreciation	8,689
Encumbrances	(1,050)
Budget Basis	\$27,179



Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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;

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

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

Deposits: At fiscal year-end, the carrying amount of the School District's deposits was \$2,694,345 and the bank balance was \$2,869,848. Of the bank balance \$400,000 was covered by federal depository insurance, \$100,000 was covered by collateral held by the School District's agent in the School District's name and \$2,369,848 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name an all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District had no outstanding investments at June 30, 2000.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) are for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true 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.

Tangible personal property taxes 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.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 6 - PROPERTY TAXES (Continued)**

The assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$55,489,240	81.94%	\$56,307,590	81.69%
Public Utility	9,407,010	13.89%	9,344,810	13.56%
Tangible Personal Property	2,824,560	4.17%	3,277,457	4.75%
Total Assessed Value	<u>\$67,720,810</u>	<u>100.00%</u>	<u>\$68,929,857</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$42.20		\$41.80	

The School District receives property taxes from Brown County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$148,593 for the general fund, \$3,601 for the classroom facilities maintenance special revenue fund and \$43,216 for the debt service fund. All amounts are recognized as revenue in their respective funds.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000 consisted of property taxes, accounts (student fees, tuition and charges for services), interest, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 7 - RECEIVABLES (Continued)**

A summary of the principal items of intergovernmental receivables follows:

General Fund:	
Worth E. Grant	\$20,126
Drivers Education	1,100
Total General Fund	21,226
Special Revenue Funds:	
Title VI-B	10,103
Governors Community Service Council Challenge Grant	2,736
Total Special Revenue Funds	12,839
 Total Intergovernmental Receivables	 \$34,065

**NOTE 8 - FIXED ASSETS**

A summary of the enterprise fund fixed assets at June 30, 2000 follows:

Furniture and Equipment	\$261,043
Less Accumulated Depreciation	(154,091)
Net Fixed Assets	106,952

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at June 30, 1999	Additions	Deletions	Balance at June 30, 2000
Land and Land Improvements	\$849,522	\$31,444	\$0	\$880,966
Buildings and Improvements	10,899,346	35,368	0	10,934,714
Furniture, Fixtures and Equipment	2,311,699	356,007	13,000	2,654,706
Vehicles	1,151,652	12,000	48,112	1,115,540
Construction in Progress	184,986	111,738	0	296,724
Totals	\$15,397,205	\$546,557	\$61,112	\$15,882,650

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**NOTE 9 - RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance Company for property and building blanket group coverage insurance. Professional liability is protected by the Nationwide Insurance Company with a \$5,000,000 aggregate limit under a commercial umbrella policy.

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

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

**B. Worker's Compensation**

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Grating Plan (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**C. Employee Medical Benefits**

The School District participates in the Brown County Schools Benefits Consortium (the Consortium), a public entity shared risk pool (Note 21) consisting of seven districts. The School District is responsible for providing a current listing of enrolled employees and for providing timely pro-rata payments of premiums to the Consortium for employee health coverage and benefits. The Consortium is responsible for the management and operations of the program. Upon termination from the Consortium, for any reason, the terminated member assumes and is responsible for the payment of any delinquent contributions and all claims of its employees from the date of termination, regardless of the date such claims were incurred.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 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, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$58,047, \$90,725 and \$101,960, respectively; 41.89 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$33,731 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$224,452, \$189,588 and \$311,292, respectively; 82.67 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$38,894 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$299,270 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial



Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)**

service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$109,771.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

**B. Early Retirement Incentive**

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

**C. Insurance and Benefits**

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

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 13 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In prior years, the School District entered into a lease for a piano and musical instruments. The terms of this agreement provided an option to purchase the equipment. This lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the General Purpose Financial Statements for the governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$58,582 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. This was the final year of the lease, and no further liability is included in the financial statements. Principal payments in fiscal year 2000 totaled \$19,430.

**NOTE 14 - LONG-TERM OBLIGATIONS**

The change in the School District's long-term obligations during the fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Vehicle Acquisition Bonds 6/19/1996 4.1-4.5%	\$101,000	\$0	\$50,500	\$50,500
School Improvement Refunding Bonds 2/12/1998 3.95-5.05%	2,564,992	0	195,000	2,369,992
School Improvement Bonds 7/1/1998 4.75-5.05%	<u>1,300,000</u>	<u>0</u>	<u>25,000</u>	<u>1,275,000</u>
Total Long-Term Bonds	3,965,992	0	270,500	3,695,492
Compensated Absences (Restated)	587,508	13,225	0	600,733
Intergovernmental Payable	65,412	64,687	65,412	64,687
Capital Leases	<u>19,430</u>	<u>0</u>	<u>19,430</u>	<u>0</u>
Total General Long-Term Obligations	<u><u>\$4,638,342</u></u>	<u><u>\$77,912</u></u>	<u><u>\$355,342</u></u>	<u><u>\$4,360,912</u></u>

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**NOTE 14 - LONG-TERM OBLIGATIONS (Continued)**

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

On June 19, 1996, the School District issued \$202,000 in general obligation bonds for the purpose of acquiring school buses and other equipment used in transporting pupils. The bonds were issued for a four year period with final maturity on September 1, 2000. The principal and interest will be paid from the debt service fund.

***General Obligation Debt for Acquisition/Reconstruction/Remodeling  
School Facilities Loan Payable***

In January, 1991, the School District issued \$3,188,000 in School Improvement Bonds as a result of the School District being approved for a \$7,064,641 school facilities loan through the State Department of Education for the construction of a new high school building and renovation of the existing high school building to be used as the elementary school. The School District issued the general obligation bonds to provide a partial cash match for the school facilities loans. As a requirement of the loans, the School District was required to pass a levy and issue general obligation bonds. The 6.5 mill levy, of which .5 mill was to be used for the retirement of the loan, will be in effect for twenty-three years.

On October 7, 1997, the School District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the remainder of the \$6,882,111 classroom facilities loan to the State because the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the School District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State's contribution.

On February 12, 1998 the School District issued \$2,749,992 in School Improvement Refunding Bonds to defease the 1991 general obligation bonds by entering into an escrow agreement with Star Bank (Note 16). The bonds were issued for a seventeen year period with final maturity on December 1, 2014. The principal and interest will be paid from the debt service fund.

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

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

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 14 - LONG-TERM OBLIGATIONS (Continued)**

The School District's overall legal debt margin was \$3,094,837 with an unvoted debt margin of \$68,930 at June 30, 2000.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 1999 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$315,500	\$113,705	\$429,205
2002	275,000	110,422	385,422
2003	285,000	88,875	373,875
2004	300,000	76,685	376,685
2005	315,000	63,586	378,586
2006-2010	1,243,354	627,432	1,870,786
2011-2015	961,638	746,465	1,708,103
Totals	<u>\$3,695,492</u>	<u>\$1,827,170</u>	<u>\$5,522,662</u>

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

**NOTE 15 - LESSOR DISCLOSURE - OPERATING LEASE**

In 1997, the School District entered into a 15 year operating lease between the School District and the Brown County Board of Mental Retardation and Developmental Disabilities (BMRDD), for an early childhood center. The valuation at the time of the donation by BMRDD was \$794,027 and this amount has been included in the general fixed assets account group - building improvements. In consideration of BMRDD's funding of the project, the School District receives \$1.00 per year as a lease payment. If the School District terminates the lease, the School District would be required to reimburse BMRDD for a proration of the funding which was provided by BMRDD for construction of the addition over the remainder of the unused lease term as agreed to by the leasing parties. The School District also agrees to insure the building addition against loss by fire or other casualty.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 16 - DEFEASANCE OF GENERAL OBLIGATION BONDS**

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

<u>Name of Bond Issue</u>	Original Issue	Unmatured and Unpaid at June 30, 1999
1991 Acquisition/Reconstruction/ Remodeling Bonds	\$2,835,000	\$2,565,000

**NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Ripley Union Lewis Huntington Local School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Adult Education	Total Enterprise Funds
Operating Revenues	\$207,405	\$26,371	\$0	\$233,776
Depreciation Expense	(5,257)	0	0	(5,257)
Operating Loss	(251,370)	(1,539)	0	(252,909)
Donated Commodities	34,406	0	0	34,406
Operating Grants	224,796	0	0	224,796
Net Income (Loss)	35,469	(1,540)	0	33,929
Net Working Capital	820	11,617	647	13,084
Total Assets	148,488	11,767	647	160,902
Total Equity	104,362	11,617	647	116,626
Encumbrances Outstanding at June 30, 2000	(872)	(178)	0	(1,050)

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 18 - INTERFUND ACTIVITY**

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$9,103	\$0
Special Revenue Fund:		
Other Grants	0	9,103
Total All Funds	\$9,103	\$9,103

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The governing Board of SCOCA consists of two representatives from each of the participating counties, two representatives of the school treasurers plus the fiscal agent. The School District paid SCOCA \$5,536 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

The Hopewell Special Education Regional Resource Center (Hopewell) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school districts to offer direct and related services to low incidence handicapped students of the region. Seventeen local, city, and exempted village school districts receive services from Hopewell. Hopewell is operated under regulations and policies established by the Ohio Department of Education, and its own governing board. The governing board is made up of superintendents from the seventeen school districts, plus a representative from the county board of education, a representative from the board of mental retardation and developmental disabilities, two joint vocational school superintendents and five parents of handicapped children living in the region. The Clinton-Fayette-Highland Educational Service District acts as fiscal agent. Hopewell receives funding from the contracts with each of the member school districts and Federal and State grants. To obtain financial information write to Hopewell at the Clinton-Fayette-Highland Educational Service District, 62 Laurel Dr., Wilmington, Ohio 45177.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**NOTE 20 - INSURANCE PURCHASING POOL**

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

**NOTE 21 - PUBLIC ENTITY SHARED RISK POOL**

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

**NOTE 22 - STATE SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$5,158,909 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$7,064,641 million under this program.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 22 - STATE SCHOOL FUNDING DECISION** (Continued)

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, “...the mandate of the [Ohio] Constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997, decision, however, it found seven “...major areas warrant further attention, study, and development by the General Assembly...”, including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

**NOTE 23 - CONSTRUCTION COMMITMENTS**

The School District has entered into contracts for the design and construction of new athletic fields for both the elementary and high school. Outstanding construction commitments at June 30, 2000 are as follows:

Contractor Name	Contract Amount	Amount Expended	Balance At 6/30/00
Jester, Jones, Schifer, Feltham Architects	\$42,500	\$27,627	\$14,873
John & Co	65,000	59,508	5,492
Total	<u>\$107,500</u>	<u>\$87,135</u>	<u>\$20,365</u>



Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 24 - SET-ASIDE CALCULATIONS**

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

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 1999	\$0	\$0	\$78,145
Current Year Set-aside Requirement	136,396	136,396	44,758
Current Year Offsets	0	0	(34,785)
Qualifying Disbursements	<u>(174,795)</u>	<u>(136,396)</u>	<u>0</u>
Set-aside Reserve Balance as of June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$88,118</u>
Set-aside Balance Carried Forward to Future Years	<u>(\$38,399)</u>		<u>\$88,118</u>

For capital acquisition, the amounts of offsets and qualifying disbursements presented in the table were limited to those necessary to reduce the year-end balance to zero. Although the School District had additional qualifying disbursements during the year that would reduce the capital improvements set-aside amounts below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. The School District also had textbook and instructional material disbursements in excess of the set-aside requirement. In the case of the textbook and instructional materials set-aside, excess amounts may be carried forward to reduce the set-aside in future years. The total reserve balance for the set-asides at the end of the fiscal year was \$88,118.

Ripley Union Lewis Huntington Local School District  
Brown County

Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**NOTE 25 - RESTATEMENT OF RETAINED EARNINGS/ACCOUNT GROUP BALANCES**

Due to a change in the policy to close all fully depreciated capital assets into the contributed capital equity account and a change in the method for estimating compensated absences, from the vesting method to the termination method, fund equity and compensated absences were restated in the food service enterprise fund and compensated absences were restated in the general long-term obligations account group. The change in reporting had the following effect on fund equity/account group balances as they were previously reported as of June 30, 1999.

<u>Fund Type</u>	<u>Balance June 30, 1999</u>	<u>Adjustments</u>	<u>Restated Balance July 1, 1999</u>
Enterprise Fund	(\$159,327)	\$193,902	\$34,575
General Long-Term Obligations Account Group	4,430,968	207,374	4,638,342

**NOTE 26 - CONTINGENCIES**

**Grants:**

The School District received financial assistance from federal and state agencies in the forms of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

**Litigation:**

The School District is currently not party to legal proceedings.

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	N/A	10.550	\$0	\$35,939	\$0	\$34,406
Child Nutrition Cluster:						
School Breakfast Program	05-PU-99	10.553	13,015	0	13,015	0
	05-PU-00	10.553	43,501	0	43,501	0
Total School Breakfast Program			56,516	0	56,516	0
National School Lunch Program	03-PU-99	10.555	6,395	0	6,395	0
	03-PU-00	10.555	21,416	0	21,416	0
	04-PU-99	10.555	34,555	0	34,555	0
	04-PU-00	10.555	117,385	0	117,385	0
Total National School Lunch Program			179,751	0	179,751	0
Total U.S. Department of Agriculture			236,267	35,939	236,267	34,406
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title 1 Grants to Local Educational Agencies	C1-S1-00	84.010	288,618	0	270,371	0
	C1-S1-99	84.010	58,142	0	52,844	0
	C1-S1-98C	84.010	0	0	44,324	0
Total Title 1			346,760	0	367,539	0
Special Education - Grants to States	6B-SF 00	84.027	67,330	0	55,475	0
	6B-SF 98	84.027	0	0	12,219	0
Total Special Education			67,330	0	67,694	0
Safe and Drug -Free Schools and Communities-State Grants	DR-S1-00	84.186	6,058	0	6,058	0
Goals 2000-State and Local Education Systemic Improvement	G2-SP-00	84.276	28,598	0	5,048	0
	G2-S1-99	84.276	0	0	33,680	0
Total Goals 2000			28,598	0	38,728	0
Eisenhower Professional Development State Grants	MS-S1-00	84.281	8,097	0	6,083	0
Innovative Educational Program Strategies	C2-S1-00	84.298	6,912	0	6,822	0
	C2-S1-99	84.298	939	0	471	0
Total Innovative Educational Strategies			7,851	0	7,293	0
Technology Literacy Challenge Fund Grants	TF-31-00	84.318	62,500	0	1,579	0
	TF-31-99	84.318	162,500	0	312,500	0
Total Literacy Challenge Fund Grants			225,000	0	314,079	0
Classroom Reduction	CR-S1-00	84.340	39,217	0	27,574	0
Learn and Serve America School	SV-S3-00	94.004	10,000	0	10,000	0
	SV-S3-99	94.004	300	0	1,047	0
	SV-S3-98	94.004	1,600	0	0	0
Total Learn and Serve America School			11,900	0	11,047	0
Total Ohio Department of Education			740,811	0	846,095	0
<i>Passed Through Ohio Governor's Community Service Council:</i>						
State Commissions:						
Regional Infrastructure	AGE-210	94.003	6,400	0	5,340	0
Local Coalition	AGE-300	94.003	3,797	0	6,534	0
Total State Commissions			10,197	0	11,874	0
Total Department of Education			751,008	0	857,969	0
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$987,275</b>	<b>\$35,939</b>	<b>\$1,094,236</b>	<b>\$34,406</b>

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

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2000**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had an insignificant amount of food commodities in their inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

We have audited the financial statements of Ripley Union Lewis Huntington Local School District, Brown County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated January 10, 2001, wherein we noted the District changed its method of estimating compensated absences and their depreciation policy relating to contributed assets. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

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

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

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

**Jim Petro**  
Auditor of State

January 10, 2001



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

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

To the Board of Education:

**Compliance**

We have audited the compliance of Ripley Union Lewis Huntington Local School District, Brown County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the fiscal year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the fiscal year ended June 30, 2000.

**Internal Control Over Compliance**

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

Ripley Union Lewis Huntington Local School District  
Brown County  
Report on Compliance with Requirements Applicable to Each Major  
Federal Program and Internal Control Over Compliance  
in Accordance with OMB Circular A-133  
Page 2

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

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

**Jim Petro**  
Auditor of State

January 10, 2001



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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Education Agencies - CFDA #84.010, Technology Literacy Challenge Grant Funds - CFDA #84.318
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**RIPLEY UNION LEWIS HUNTINGTON LOCAL SCHOOL DISTRICT**

**BROWN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 06, 2001**