



Mary Taylor, CPA  
Auditor of State



**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities ....	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds ....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) – General Fund.....	17
Statement of Fiduciary Net Assets – Fiduciary Funds .....	18
Statement of Changes in Fiduciary Net Assets – Private Purpose Trust Funds .....	19
Notes to the Basic Financial Statements .....	21
Schedule of Federal Awards Receipts and Expenditures.....	45
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	46
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	47
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	49
Schedule of Findings - OMB Circular A-133 § .505.....	51

**This page intentionally left blank.**



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Ironton City School District  
Lawrence County  
105 South Fifth Street  
Ironton, Ohio 45638

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ironton City School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ironton City School District, Lawrence County, Ohio, as of June 30, 2008, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2009, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 20, 2009

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

---

The discussion and analysis of the Ironton City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

**Key financial highlights for the fiscal year 2008 are as follows:**

- Net assets of governmental activities increased \$4,052,940.
- General revenues accounted for \$16,416,797 or 79% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions and capital grants accounted for \$4,336,094 or 21% of total revenues of \$20,752,891.
- The School District had \$16,699,951 in expenses related to governmental activities; \$4,336,094 of these expenses was offset by program specific charges for services, operating grants and contributions and capital grants. General revenues of \$16,416,797 were adequate to provide for the rest of these programs.
- The School District has three major funds: the General Fund, the Bond Retirement Fund, and the School Facilities Fund. The General Fund had \$11,505,965 in revenues and \$11,940,559 in expenditures. The General Fund's balance decreased \$510,465. The Bond Retirement Fund had \$1,207,085 in revenues and \$782,744 in expenditures. The Bond Retirement Fund's balance increased \$424,341. The School Facilities Fund had \$15,121,138 in revenues and \$11,578,352 expenditures. Its fund balance increased \$3,542,786.

**Using this Annual Financial Report**

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look as the School District's most significant funds with all other non-major funds presented in total in one column.

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

---

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

*Statement of Net Assets and Statement of Activities*

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

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

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

*Fund Financial Statements*

The analysis of the School District's major fund begins on page 7. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for multiple financial transactions. However, these fund financial statements focus on the School District's most significant fund. The School District's major governmental funds are the General Fund, the Bond Retirement Fund, and the School Facilities Fund.

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

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

**Fiduciary Funds** The School District's fiduciary funds are a private purpose trust fund and an agency fund. All of the School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets and a Statement of Changes in Fiduciary Net Assets. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the accrual basis of accounting.

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2008 compared to 2007.

Table 1  
Net Assets

	Governmental Activities		
	2008	2007	Change
<b>Assets</b>			
Current and Other Assets	\$48,834,854	\$54,359,927	(\$5,525,073)
Capital Assets	14,998,801	3,701,890	11,296,911
<b>Total Assets</b>	<b>63,833,655</b>	<b>58,061,817</b>	<b>5,771,838</b>
<b>Liabilities</b>			
Long-term Liabilities	16,333,097	16,286,330	46,767
Other Liabilities	9,793,703	8,121,572	1,672,131
<b>Total Liabilities</b>	<b>26,126,800</b>	<b>24,407,902</b>	<b>1,718,898</b>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Debt	14,235,156	3,478,750	10,756,406
Restricted	23,146,809	29,547,906	(6,401,097)
Unrestricted	324,890	627,259	(302,369)
<b>Total Net Assets</b>	<b>\$37,706,855</b>	<b>\$33,653,915</b>	<b>\$4,052,940</b>

Total assets increased \$5,771,838, primarily due to the School District's participation in the Ohio School Facilities Program. The School District has reduced its cash balances and intergovernmental receivables as the construction project has progressed. Total liabilities increased \$1,718,898, primarily due to an increase in contracts payable related to the construction projects.

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2008, and comparisons to fiscal year 2007.

Table 2  
Changes in Net Assets

	Governmental Activities		
	2008	2007	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$1,255,358	\$496,698	\$758,660
Operating Grants and Contributions	3,062,344	3,221,280	(158,936)
Capital Grants	18,392	0	18,392
<b>Total Program Revenues</b>	<b>4,336,094</b>	<b>3,717,978</b>	<b>618,116</b>
General Revenues			
Property Taxes	3,808,386	2,950,112	858,274
Grants and Entitlements	11,402,318	37,606,632	(26,204,314)
Investment Earnings	1,158,228	1,076,665	81,563
Miscellaneous	47,865	32,407	15,458
<b>Total General Revenues</b>	<b>16,416,797</b>	<b>41,665,816</b>	<b>(25,249,019)</b>
<b>Total Revenues</b>	<b>20,752,891</b>	<b>45,383,794</b>	<b>(24,630,903)</b>
<b>Program Expenses</b>			
Instruction:			
Regular	6,558,975	6,243,698	315,277
Special	2,030,780	1,963,830	66,950
Vocational	429,768	298,756	131,012
Support Services:			
Pupils	914,901	825,504	89,397
Instructional Staff	536,425	501,734	34,691
Board of Education	162,338	196,724	(34,386)
Administration	1,215,658	1,211,833	3,825
Fiscal	514,180	463,670	50,510
Operation and Maintenance of Plant	1,588,756	1,757,480	(168,724)
Pupil Transportation	558,739	524,459	34,280
Central	106,201	101,586	4,615
Operation of Non-Instructional Services:			
Food Service Operations	699,353	683,141	16,212
Community Services	126,797	131,644	(4,847)
Extracurricular Activities	570,864	495,930	74,934
Interest and Fiscal Charges	686,216	955,064	(268,848)
<b>Total Expenses</b>	<b>16,699,951</b>	<b>16,355,053</b>	<b>344,898</b>
Increase in Net Assets	4,052,940	29,028,741	(24,975,801)
Net Assets Beginning of Year	33,653,915	4,625,174	29,028,741
<b>Net Assets End of Year</b>	<b>\$37,706,855</b>	<b>\$33,653,915</b>	<b>\$4,052,940</b>

Property tax revenue increased due to additional levies for the School District's school construction program. Grants and entitlement revenue decreased due to the receipt of Ohio School Facilities Construction monies in 2007.

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

The Statement of Activities shows the cost of program services and the charges for services, operating grants and contributions and capital grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

Table 3  
 Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2008	2008	2007	2007
<b>Program Expenses</b>				
Instruction:				
Regular	\$6,558,975	\$5,243,856	\$6,243,698	\$5,618,524
Special	2,030,780	718,361	1,963,830	663,544
Vocational	429,768	353,898	298,756	224,573
Support Services:				
Pupils	914,901	760,650	825,504	624,404
Instructional Staff	536,425	241,796	501,734	125,023
Board of Education	162,338	144,338	196,724	196,724
Administration	1,215,658	1,212,877	1,211,833	1,211,833
Fiscal	514,180	467,429	463,670	457,902
Operation and Maintenance of Plant	1,588,756	1,539,950	1,757,480	1,678,609
Pupil Transportation	558,739	488,440	524,459	456,942
Central	106,201	100,974	101,586	96,262
Operation of Non-Instructional Services:				
Food Service Operations	699,353	82,134	683,141	53,168
Community Services	126,797	(8,919)	131,644	(13,156)
Extracurricular Activities	570,864	331,857	495,930	287,659
Interest and Fiscal Charges	686,216	686,216	955,064	955,064
<b>Total</b>	<u>\$16,699,951</u>	<u>\$12,363,857</u>	<u>\$16,355,053</u>	<u>\$12,637,075</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 74% of all School District activities are supported through taxes and other general revenues. Almost every program expense experienced an increase from the prior year, due to 5% pay increase and continued costs associated with relocating its entire student population as the School District proceeds with its school facilities project.

**The School District Funds**

The School District has three major funds; the General Fund, Bond Retirement Fund, and the School Facilities Fund. The General Fund's balance decreased \$510,465. This is the second year in recent history that the School District had expenditures greater than revenues in the General Fund. This is partially attributable to negotiated salary increases of five percent. Also, revenues are down due to a loss of almost 100 students from the previous year. The Bond Retirement Fund's balance increased \$424,341 as proceeds from the School District's tax levy begin to come in. The fund balance in the School Facilities Fund increased \$3,542,786 due to the construction project.

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

***General Fund Budgeting Highlights***

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2008, the School District amended its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, final budget basis estimated revenue was \$11,558,087, above original estimates of \$9,916,909. Of this \$1,641,178 difference, most was due to conservative estimates for foundation payments. Also, final budget basis estimated expenditures were \$12,171,784, above original estimates of \$12,036,045.

The School District's ending unobligated General Fund balance was \$2,870,765.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2008, the School District had \$14,998,801 invested in land, buildings, improvements, furniture and equipment, vehicles, and construction in progress. Table 4 shows fiscal year 2008 balances compared to 2007.

Table 4  
 Capital Assets  
 (Net of Depreciation)

	Governmental Activities	
	2008	2007
Land	\$321,591	\$321,591
Construction in Progress	13,304,178	1,738,309
Land Improvements	65,345	71,584
Buildings and Improvements	1,085,104	1,267,553
Furniture and Equipment	36,806	66,803
Vehicles	185,777	236,050
Totals	\$14,998,801	\$3,701,890

See Note 8 for more information on Capital Assets.

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*  
*Unaudited*

---

***Debt***

At June 30, 2008, the School District had the following debt outstanding:

Table 5  
 Outstanding Debt, at Fiscal Year End

	Governmental Activities	
	2008	2007
General Obligation Bonds	\$15,271,194	\$15,281,460
Bond Anticipation Note	3,000,000	3,000,000
Promissory Note	17,571	27,676
Total	\$18,288,765	\$18,309,136

See Notes 13 and 14 for more information on debt.

**Economic Factors**

The School District depends on the State School Foundation Program. The School District must monitor its current spending levels, as unanticipated costs related to its school facilities project may arise. The School District is in a low economic growth area, so dependence on local tax revenue must be minimized.

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

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Patty Wade, Treasurer at Ironton City School District, 105 South Fifth Street, Ironton, Ohio 45638.

**This page intentionally left blank.**

**Ironton City School District, Ohio**

*Statement of Net Assets*

*June 30, 2008*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$14,965,685
Cash and Cash Equivalents with Fiscal Agents	79,963
Cash and Cash Equivalents with Escrow Agents	282,601
Investments	18,712,671
Accrued Interest Receivable	2,463
Intergovernmental Receivable	11,124,546
Materials and Supplies Inventory	9,347
Property Taxes Receivable	3,533,103
Deferred Charges	124,475
Nondepreciable Capital Assets	13,625,769
Depreciable Capital Assets, Net	<u>1,373,032</u>
<i>Total Assets</i>	<u>63,833,655</u>
<b>Liabilities</b>	
Accounts Payable	15,104
Accrued Wages and Benefits Payable	1,198,428
Contracts Payable	1,869,983
Retainage Payable	366,087
Notes Payable	3,000,000
Accrued Interest Payable	67,267
Vacation Benefits Payable	109,656
Deferred Revenue	2,707,330
Intergovernmental Payable	459,848
Long-Term Liabilities:	
Due within One Year	304,147
Due in More than One Year	<u>16,028,950</u>
<i>Total Liabilities</i>	<u>26,126,800</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	14,235,156
Restricted for:	
Capital Projects	21,110,089
Debt Service	157,245
Bus Purchases	18,392
Budget Stabilization	4,409
Textbooks	855,055
Other Purposes	1,001,619
Unrestricted	<u>324,890</u>
<i>Total Net Assets</i>	<u>\$37,706,855</u>

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Capital Grants	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions		
<b>Governmental Activities</b>					
Instruction:					
Regular	\$6,558,975	\$869,426	\$445,693	\$0	(\$5,243,856)
Special	2,030,780	0	1,312,419	0	(718,361)
Vocational	429,768	0	75,870	0	(353,898)
Support Services:					
Pupils	914,901	0	154,251	0	(760,650)
Instructional Staff	536,425	0	294,629	0	(241,796)
Board of Education	162,338	0	18,000	0	(144,338)
Administration	1,215,658	0	2,781	0	(1,212,877)
Fiscal	514,180	0	46,751	0	(467,429)
Operation and Maintenance of Plant	1,588,756	0	48,806	0	(1,539,950)
Pupil Transportation	558,739	0	51,907	18,392	(488,440)
Central	106,201	0	5,227	0	(100,974)
Operation of Non-Instructional Services:					
Food Service Operations	699,353	147,264	469,955	0	(82,134)
Community Services	126,797	0	135,716	0	8,919
Extracurricular Activities	570,864	238,668	339	0	(331,857)
Interest and Fiscal Charges	686,216	0	0	0	(686,216)
<b>Totals</b>	<u>\$16,699,951</u>	<u>\$1,255,358</u>	<u>\$3,062,344</u>	<u>\$18,392</u>	<u>(12,363,857)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					2,675,859
Debt Service					1,071,668
Classroom Facilities Maintenance					60,859
Grants and Entitlements not Restricted to Specific Programs					11,402,318
Investment Earnings					1,158,228
Miscellaneous					47,865
<b>Total General Revenues</b>					<u>16,416,797</u>
<b>Change in Net Assets</b>					4,052,940
<b>Net Assets Beginning of Year</b>					<u>33,653,915</u>
<b>Net Assets End of Year</b>					<u>\$37,706,855</u>

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2008*

	General	Bond Retirement	School Facilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$2,228,121	\$333,760	\$10,747,047	\$702,152	\$14,011,080
Investments	0	0	18,712,671	0	18,712,671
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	871,119	0	83,486	0	954,605
Cash and Cash Equivalents With Fiscal Agents	0	0	79,963	0	79,963
Cash and Cash Equivalents With Escrow Agents	0	0	282,601	0	282,601
Receivables:					
Property Taxes	2,477,436	996,066	0	59,601	3,533,103
Accrued Interest	0	0	2,463	0	2,463
Intergovernmental	6,737	0	10,467,682	650,127	11,124,546
Interfund	2,642	0	0	0	2,642
Materials and Supplies Inventory	0	0	0	9,347	9,347
<i>Total Assets</i>	<u>\$5,586,055</u>	<u>\$1,329,826</u>	<u>\$40,375,913</u>	<u>\$1,421,227</u>	<u>\$48,713,021</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$14,046	\$0	\$221	\$837	\$15,104
Accrued Wages and Benefits Payable	890,681	0	0	307,747	1,198,428
Contracts Payable	0	0	1,869,983	0	1,869,983
Retainage Payable	0	0	366,087	0	366,087
Interfund Payable	0	0	0	2,642	2,642
Notes Payable	0	0	3,000,000	0	3,000,000
Accrued Interest Payable	0	0	12,884	0	12,884
Deferred Revenue	2,164,457	868,122	10,467,682	702,709	14,202,970
Intergovernmental Payable	369,040	0	0	90,808	459,848
<i>Total Liabilities</i>	<u>3,438,224</u>	<u>868,122</u>	<u>15,716,857</u>	<u>1,104,743</u>	<u>21,127,946</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	198,823	0	232,409	49,856	481,088
Reserved for Property Taxes	312,979	127,944	0	7,019	447,942
Reserved for Textbooks	855,055	0	0	0	855,055
Reserved for Bus Purchases	18,392	0	0	0	18,392
Reserved for Budget Stabilization	4,409	0	0	0	4,409
Unreserved, Undesignated, Reported in:					
General Fund	758,173	0	0	0	758,173
Special Revenue Funds	0	0	0	231,472	231,472
Debt Service Fund	0	333,760	0	0	333,760
Capital Projects Funds	0	0	24,426,647	28,137	24,454,784
<i>Total Fund Balances</i>	<u>2,147,831</u>	<u>461,704</u>	<u>24,659,056</u>	<u>316,484</u>	<u>27,585,075</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,586,055</u>	<u>\$1,329,826</u>	<u>\$40,375,913</u>	<u>\$1,421,227</u>	<u>\$48,713,021</u>

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2008*

<b>Total Governmental Fund Balances</b>		\$27,585,075
 <i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		14,998,801
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	377,831	
Grants	11,117,809	11,495,640
Unamortized issuance costs represent deferred charges which do not provide current financial resources and therefore are not reported in the funds.		124,475
Interest Payable is accrued for outstanding long-term liabilities while interest is not reported until due on the balance sheet.		(54,383)
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but is not recognized on the balance sheet until due.		(109,656)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
School Improvement Bonds Payable	(15,271,194)	
Promissory Notes Payable	(17,571)	
Sick Leave Benefits Payable	(1,044,332)	(16,333,097)
Net Assets of Governmental Activities:		\$37,706,855

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Combined Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2008*

	General	Bond Retirement	School Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property Taxes	\$2,640,365	\$1,057,626	\$0	\$60,679	\$3,758,670
Intergovernmental	7,934,043	149,459	14,040,362	3,198,494	25,322,358
Investment Earnings	78,052	0	1,080,176	339	1,158,567
Tuition and Fees	791,461	0	0	3,673	795,134
Rent	17,250	0	0	0	17,250
Charges for Services	0	0	0	147,264	147,264
Extracurricular	0	0	0	295,710	295,710
Miscellaneous	44,794	0	600	2,471	47,865
<i>Total Revenues</i>	<u>11,505,965</u>	<u>1,207,085</u>	<u>15,121,138</u>	<u>3,708,630</u>	<u>31,542,818</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	5,070,115	0	0	1,238,910	6,309,025
Special	1,295,367	0	0	712,364	2,007,731
Vocational	464,325	0	0	0	464,325
Support Services:					
Pupils	729,611	0	0	180,422	910,033
Instructional Staff	231,238	0	0	299,794	531,032
Board of Education	121,521	0	0	40,817	162,338
Administration	1,194,515	0	0	3,519	1,198,034
Fiscal	427,901	32,927	0	46,084	506,912
Operation and Maintenance of Plant	1,527,672	0	0	46,415	1,574,087
Pupil Transportation	468,614	0	0	33,827	502,441
Central	100,283	0	0	5,458	105,741
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	693,744	693,744
Community Services	0	0	0	124,974	124,974
Extracurricular Activities	309,397	0	0	256,444	565,841
Capital Outlay	0	0	11,565,869	0	11,565,869
Debt Service:					
Principal Retirement	0	0	0	10,105	10,105
Interest and Fiscal Charges	0	749,817	12,483	4,511	766,811
<i>Total Expenditures</i>	<u>11,940,559</u>	<u>782,744</u>	<u>11,578,352</u>	<u>3,697,388</u>	<u>27,999,043</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(434,594)</u>	<u>424,341</u>	<u>3,542,786</u>	<u>11,242</u>	<u>3,543,775</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	0	0	0	75,871	75,871
Transfers Out	(75,871)	0	0	0	(75,871)
<i>Total Other Financing Sources (Uses)</i>	<u>(75,871)</u>	<u>0</u>	<u>0</u>	<u>75,871</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(510,465)</u>	<u>424,341</u>	<u>3,542,786</u>	<u>87,113</u>	<u>3,543,775</u>
<i>Fund Balances Beginning of Year</i>	<u>2,658,296</u>	<u>37,363</u>	<u>21,116,270</u>	<u>229,371</u>	<u>24,041,300</u>
<i>Fund Balances End of Year</i>	<u>\$2,147,831</u>	<u>\$461,704</u>	<u>\$24,659,056</u>	<u>\$316,484</u>	<u>\$27,585,075</u>

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2008*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$3,543,775</b>
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation:		
Capital Asset Additions	11,565,869	
Depreciation Expense	<u>(181,717)</u>	11,384,152
 The cost of the capital assets is removed from the capital asset account on the statement of net assets, resulting in a loss on disposal of capital assets on the statement of activities.		
		(87,241)
 Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Grants	(10,839,643)	
Delinquent Taxes	<u>49,716</u>	(10,789,927)
 Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		10,105
 Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of activities. Premiums and discounts are reported as revenues and expenditures when the debt is first issued; however, these amounts are deferred and amortized on the statement of activities:		
Bond Premium	13,471	
Amortization of Issuance Costs	(4,712)	
Amortization of Discount	(3,205)	
Interest Payable	<u>75,041</u>	80,595
 Some expenses reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Vacation Benefits Payable	(21,381)	
Sick Leave Benefits Payable	<u>(67,138)</u>	(88,519)
 <i>Change in Net Assets of Governmental Activities</i>		 <u><u>\$4,052,940</u></u>

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Statement of Revenues, Expenditures, and Changes  
in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$2,171,506	\$2,471,805	\$2,471,805	\$0
Intergovernmental	6,849,766	8,154,661	8,154,661	0
Investment Earnings	118,237	78,116	78,116	0
Tuition and Fees	737,464	791,461	791,461	0
Rent	12,750	17,250	17,250	0
Miscellaneous	27,186	44,794	44,794	0
<i>Total Revenues</i>	<u>9,916,909</u>	<u>11,558,087</u>	<u>11,558,087</u>	<u>0</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,905,468	5,123,652	5,123,652	0
Special	1,294,830	1,309,051	1,309,051	0
Vocational	301,775	475,672	475,672	0
Support Services:				
Pupils	666,237	745,224	745,224	0
Instructional Staff	241,537	240,758	240,758	0
Board of Education	333,229	161,060	161,060	0
Administration	1,224,333	1,211,276	1,211,276	0
Fiscal	441,185	438,152	438,152	0
Operation and Maintenance of Plant	1,756,658	1,583,811	1,583,811	0
Pupil Transportation	489,000	477,579	477,579	0
Central	100,201	99,440	99,440	0
Extracurricular Activities:				
Academic Oriented Activities	28,231	21,456	21,456	0
Sport Oriented Activities	224,993	256,868	256,868	0
School and Public Service Co-Curricular Activities	28,368	27,785	27,785	0
<i>Total Expenditures</i>	<u>12,036,045</u>	<u>12,171,784</u>	<u>12,171,784</u>	<u>0</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,119,136)</u>	<u>(613,697)</u>	<u>(613,697)</u>	<u>0</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,760	0	0	0
Advances In	0	18,570	18,570	0
Transfers Out	(89,702)	(75,871)	(75,871)	0
Advances Out	(19,127)	(2,642)	(2,642)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(106,069)</u>	<u>(59,943)</u>	<u>(59,943)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(2,225,205)</u>	<u>(673,640)</u>	<u>(673,640)</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	<u>3,253,095</u>	<u>3,253,095</u>	<u>3,253,095</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>291,310</u>	<u>291,310</u>	<u>291,310</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,319,200</u></u>	<u><u>\$2,870,765</u></u>	<u><u>\$2,870,765</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2008*

---

---

	Private-Purpose	
	Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$87,864	<u>\$43,832</u>
<b>Liabilities</b>		
Due to Students	0	<u>\$43,832</u>
<b>Net Assets</b>		
Restricted for Endowments	72,595	
Held in Trust for Students	<u>15,269</u>	
Total Net Assets	<u>\$87,864</u>	

See accompanying notes to the basic financial statements

**Ironton City School District, Ohio**  
*Statement of Changes in Fiduciary Net Assets*  
*Private-Purpose Trust Funds*  
*For the Fiscal Year Ended June 30, 2008*

---

---

<b>Additions</b>	
Gifts and Contributions	\$2,450
Interest	<u>1,602</u>
Total Additions	4,052
<b>Deductions</b>	
Scholarships	<u>6,232</u>
Change in Net Assets	(2,180)
Net Assets Beginning of Year	<u>90,044</u>
Net Assets End of Year	<u><u>\$87,864</u></u>

See accompanying notes to the basic financial statements

**This page intentionally left blank.**

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

**Note 1 - Description of the School District and Reporting Entity**

Ironton City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's six instructional/support facilities staffed by 86 classified employees, 122 certified teaching personnel, and nine administrators who provide services to 1,487 students and other community members.

*Reporting Entity*

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

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

The following activities are included within the reporting entity:

***Parochial Schools*** Within the School District boundaries, St. Lawrence Elementary and St. Joseph High School are operated through the Steubenville Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. This activity is reflected in a special revenue fund for financial reporting purposes.

The School District participates in three jointly governed organizations and three insurance purchasing pools. These organizations are the South Central Ohio Computer Association, the Lawrence County Joint Vocational School District, the Educational Regional Service System (ERSS) Region 15, the Ohio School Plan, the Lawrence County Schools Insurance Purchasing Consortium, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 16 and 17 to the basic financial statements.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

**Note 2 - Summary of Significant Accounting Policies**

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

***A. Basis of Presentation***

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

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

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

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

***B. Fund Accounting***

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

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

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

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

**Bond Retirement Fund** The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds, interest, and related costs.

**School Facilities Fund** The School Facilities Fund accounts for transactions related to constructing and improving School District buildings with the assistance of the Ohio School Facilities program.

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

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

**C. Measurement Focus**

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

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

Private purpose trust funds are accounted for using a flow of economic resources measurement focus.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

***D. Basis of Accounting***

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

***E. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds, except for a portion of the School Facilities Fund, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2008, investments were limited to non-negotiable certificates of deposit, Federal Farm Credit Bank Bonds, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Bonds, and Federal National Mortgage Association Bonds. Investments are reported at a fair value, except for non-negotiable certificates of deposit which are reported as 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 2008 amounted to \$78,052, which includes \$17,190 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

***F. Inventory***

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

***G. Capital Assets***

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

All reported capital assets except land, land improvements that produce permanent benefits, and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	50 years
Buildings and Improvements	50 years
Furniture and Equipment	5-20 years
Vehicles	3-10 years

***H. Restricted Assets***

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

***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. The liability for vacation benefits is recorded as vacation benefits payable, rather than long-term liabilities, since at the employee's request, any carry-over may be paid to the employees each year, or carried over.

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

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

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

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

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

***K. Interfund Activity***

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

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

***L. Interfund Balances***

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

***M. Fund Balance Reserves***

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

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 monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

***N. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for food service operations and federal and state grants restricted to expenditure for specified purposes. The government-wide statement of net assets reports \$23,146,809 of restricted net assets, none of which has resulted from enabling legislation.

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

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

***O. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

***P. 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.

***Q. Budgetary Process***

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

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year end.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

**Note 3 – Accountability and Compliance**

***A. Deficit Funds***

The following funds had deficit fund balances at June 30, 2008:

	<u>Deficit Fund Balances</u>
Special Revenue Funds:	
Food Service	\$50,096
Ohio Reads	12,854
Poverty-Based Assistance	137,170
Title I	21,204
Improving Teacher Quality	7,093

These deficits 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.

***B. Legal Compliance***

During fiscal year 2008, the School District entered into a repurchase agreement involving mortgage-backed pass-through securities issued by the Government National Mortgage Association, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, contrary to Ohio Rev. Code Section 135.14(C).

**Note 4 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Unrecorded interest represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	(\$510,465)
Revenue Accruals	52,058
Unreported Interest Beginning of Year	229
Unreported Interest End of Year	(165)
Advances In	18,570
Advances Out	(2,642)
Expenditure Accruals	(2,915)
Encumbrances	<u>(228,310)</u>
Budget Basis	<u><u>(\$673,640)</u></u>

**Note 5 - Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above;
7. The State Treasurer's investment pool (STAROhio); and.
8. Commercial paper and bankers acceptances if training requirements have been met.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$5,012,826 of the School District's bank balance of \$5,402,927 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by FDIC.

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

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

Investments

As of June 30, 2008, the School District had the following investments which are in an internal investment pool:

	Fair Value	Maturity	Percent of Total Investments
Repurchase Agreement	\$10,719,730	1 day	36.42%
Federal Home Loan Bank Bond	1,022,853	8/8/2008	
Federal Home Loan Bank Bond	659,500	11/21/2008	
Federal Home Loan Bank Bond	1,005,898	2/19/2009	
Federal Home Loan Bank Bond	801,442	3/11/2009	
Federal Home Loan Bank Bond	710,231	11/21/2008	
Federal Home Loan Bank Bond	515,972	2/20/2009	
Federal Home Loan Bank Bond	452,278	10/16/2009	17.56%
Federal Home Loan Bank Discount Note	1,121,400	8/22/2008	
Federal Home Loan Bank Discount Note	1,063,497	12/2/2008	
Federal Home Loan Bank Discount Note	196,040	3/30/2009	8.09%
Federal Home Loan Mortgage Corporation Bond	1,531,054	9/4/2009	
Federal Home Loan Mortgage Corporation Bond	715,510	6/11/2009	7.63%
Federal Home Loan Mortgage Corporation Discount Note	995,900	9/2/2008	
Federal Home Loan Mortgage Corporation Discount Note	993,400	10/7/2008	
Federal Home Loan Mortgage Corporation Discount Note	1,658,920	11/17/2008	
Federal Home Loan Mortgage Corporation Discount Note	1,582,080	12/8/2008	
Federal Home Loan Mortgage Corporation Discount Note	799,680	7/7/2008	
Federal Home Loan Mortgage Corporation Discount Note	944,395	9/29/2008	23.70%
Federal National Mortgage Association Bond	714,246	9/15/2008	2.43%
Federal National Mortgage Association Discount Note	1,228,375	2/27/2009	4.17%
Totals	<u>\$29,432,401</u>		<u>100.00%</u>

*Interest Rate Risk.* The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

*Credit Risk.* All of the investments listed above carry a rating of Aaa by Moody's. The District has no investment policy that addresses credit risk.

*Custodial Credit Risk.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

*Concentration of Credit Risk.* The School District places no limit on the amount it may invest in any one issuer. The percentage of total investments is listed in the table above.

**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 (used in business) located in the school district. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property tax) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value listed as of December 31, 2007. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 was 12.5 percent. The assessment percentage will be reduced to 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property, and tangible personal property taxes which are measurable as of June 30, 2008, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

The amount available as an advance at June 30, 2008, was \$312,979 in the General Fund, \$127,944 in the Bond Retirement Fund, and \$7,019 in the Classroom Facilities Maintenance Fund. The amount available as an advance at June 30, 2007, was \$144,419 in the General Fund, \$58,833 in the Bond Retirement Fund, and \$3,600 in the Classroom Facilities Maintenance Fund.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second- Half Collections		2008 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$88,377,190	68%	\$100,309,300	73%
Public Utility Personal	29,387,090	23%	28,998,950	21%
Tangible Personal Property	11,505,130	9%	8,630,330	6%
<b>Total</b>	<b>\$129,269,410</b>	<b>100%</b>	<b>\$137,938,580</b>	<b>100%</b>
Tax rate per \$1,000 of assessed valuation	\$33.70		\$33.70	

**Note 7 - Receivables**

Receivables at June 30, 2008, consisted of property taxes, 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. All receivables are expected to be collected within one year, with the exception of delinquent property taxes deemed collectible by the County Auditor. A summary of principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
Governmental Activities:	
School Facilities	\$10,467,682
School Bus Purchase	6,737
IDEA-B Grant	244,938
Title I Grant	144,655
Title I-D Grant	34,595
Title II-A Grant	204,275
Title II-D Grant	961
Drug Free Schools Grant	20,703
<b>Total Intergovernmental Receivables</b>	<b>\$11,124,546</b>

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2008

**Note 8 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance</u> <u>6/30/2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/2008</u>
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$321,591	\$0	\$0	\$321,591
Construction in Progress	1,738,309	11,565,869	0	13,304,178
Total Capital Assets not being Depreciated	<u>2,059,900</u>	<u>11,565,869</u>	<u>0</u>	<u>13,625,769</u>
Depreciable Capital Assets:				
Land Improvements	702,537	0	(157,626)	544,911
Buildings and Improvements	5,504,279	0	(795,326)	4,708,953
Furniture and Equipment	1,078,474	0	0	1,078,474
Vehicles	793,067	0	0	793,067
Total Capital Assets being Depreciated	<u>8,078,357</u>	<u>0</u>	<u>(952,952)</u>	<u>7,125,405</u>
Less Accumulated Depreciation				
Land Improvements	(630,953)	(6,239)	157,626	(479,566)
Buildings and Improvements	(4,236,726)	(95,208)	708,085	(3,623,849)
Furniture and Equipment	(1,011,671)	(29,997)	0	(1,041,668)
Vehicles	(557,017)	(50,273)	0	(607,290)
Total Accumulated Depreciation	<u>(6,436,367)</u>	<u>(181,717) *</u>	<u>865,711</u>	<u>(5,752,373)</u>
Total Capital Assets being Depreciated, Net	<u>1,641,990</u>	<u>(181,717)</u>	<u>(87,241)</u>	<u>1,373,032</u>
Capital Assets, Net	<u>\$3,701,890</u>	<u>\$11,384,152</u>	<u>(\$87,241)</u>	<u>\$14,998,801</u>

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

Instruction:	
Regular	\$110,583
Vocational	1,241
Support Services:	
Instructional Staff	3,626
Administration	5,342
Operation and Maintenance of Plant	2,144
Pupil Transportation	50,431
Operation of Non-Instructional Services:	
Food Service Operations	3,327
Extracurricular Activities	5,023
Total Depreciation Expense	<u>\$181,717</u>

Of the total Capital Assets being Depreciated amount, \$2,384,553 were fully depreciated at June 30, 2008.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

**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 2008, the School District contracted with Hylant Administrative Services for property and fleet insurance. The type and amount of coverage provided follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$28,223,000
Automobile Liability (\$1,000 deductible):	
Bodily Injury and Property Damage – combined single limit	2,000,000
Medical Payments – each person	5,000
Uninsured Motorists	1,000,000

The School District has joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (see Note 17).

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:	
Each Occurrence	\$1,000,000
Aggregate Limit	3,000,000
Products – Complete Operations Aggregate Limit	1,000,000
Fire Legal Liability	500,000
Medical Expense Limit – per person/accident	10,000
Employers Liability – Stop Gap:	
Per Accident	1,000,000
Per Disease Each Employee	1,000,000
Per Disease Policy Limit	1,000,000
Employee Benefits Liability:	
Per Claim	1,000,000
Aggregate Limit	3,000,000
Excess Liability:	
Each Occurrence	1,000,000
Aggregate Limit	1,000,000

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

***B. Workers' Compensation***

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**Note 10 - Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Employees who earn vacation can carry over unused vacation for one year. If vacation is unused after that year, upon employee request, the employee may be paid for it at that time. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 75 days.

***B. Life Insurance and Health Care Benefits***

The School District provides life insurance and accidental death and dismemberment insurance to certified and classified employees through Anthem Insurance Inc., in the amount of \$30,000 and \$10,000, respectively.

Health insurance is provided by Medical Mutual of Ohio. Premiums for this coverage are \$1,698 for family coverage and \$688 for single coverage. The School District pays 85% of the premium. Dental insurance is provided by CIGNA. Premiums are \$24 for individual coverage and \$75 for family coverage. The School District pays 100% of the individual premium. Employees opting for family coverage must pay the difference. Vision insurance is provided by Vision Service Plan. Premiums are \$7 for individual coverage and \$16 for family coverage. The School District pays 100% of the individual premium. Employees opting for family coverage must pay the difference.

**Note 11 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$167,770, \$216,777, and \$106,805; 40 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

***B. State Teachers Retirement System***

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888)-227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006, were \$828,286, \$878,168, and \$826,811; 82.5 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

Plans for fiscal year 2008 were \$10,876 made by the School District and \$10,358 made by the plan members.

**Note 12 - Postemployment Benefits**

***A. School Employee Retirement System***

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$28,382.

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

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$128,496, \$94,573, and \$71,012 respectively; 34.47 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$12,528, \$12,848, and \$7,882 respectively; 42.33 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

***B. State Teachers Retirement System***

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

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$63,714, \$67,551, and \$63,601 respectively; 82.5 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**Note 13 – Notes Payable**

The changes in the School District’s notes payable during the fiscal year consist of the following:

	Balance 6/30/2007	Additions	Reductions	Balance 6/30/2008
2007 Bond Anticipation Note - 4.275%	\$3,000,000	\$0	\$3,000,000	\$0
2007 Bond Anticipation Note - 4.75%	0	3,000,000	0	3,000,000
	<u>\$3,000,000</u>	<u>\$3,000,000</u>	<u>\$3,000,000</u>	<u>\$3,000,000</u>

Proceeds from both notes will be used for the construction and enhancement of school buildings within the School District. The 4.275% note was paid from proceeds of the note issued on May 28, 2008. The School District anticipates issuing additional general obligation bonds to redeem the 4.75% when it matures on May 27, 2009.

**Note 14 - Long Term Obligations**

The changes in the School District’s long-term obligations during the fiscal year consist of the following:

	Principal Outstanding 6/30/2007	Additions	Reductions	Principal Outstanding 6/30/2008	Amounts Due in One Year
Governmental Activities					
School Facilities Construction and Improvement Bonds, 2007 4.0-5.0%	\$15,000,000	\$0	\$0	\$15,000,000	\$225,000
Premium on Bonds	369,330	0	13,471	355,859	0
Discount on Bonds	(87,870)	0	(3,205)	(84,665)	0
Total General Obligation Bonds	<u>15,281,460</u>	<u>0</u>	<u>10,266</u>	<u>15,271,194</u>	<u>225,000</u>
Promissory Note, 2004-3.67%	27,676	0	10,105	17,571	17,571
Sick Leave Benefits	977,194	121,664	54,526	1,044,332	61,576
Total Governmental Activities Long-Term Liabilities	<u>\$16,286,330</u>	<u>\$121,664</u>	<u>\$74,897</u>	<u>\$16,333,097</u>	<u>\$304,147</u>

On October 18, 2006, the School District issued \$15,000,000 in voted general obligation bonds to pay the local share of the school construction under the state of Ohio Classroom Facilities Assistance Program.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

On July 3, 2003, the School District issued a promissory note in the amount of \$65,100 for stadium lighting. The note will be paid from the District Managed Activity Special Revenue Fund. Sick leave benefits will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund and Food Service, Auxiliary, IDEA-B, and Title I Special Revenue Funds.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2008, are as follows:

Fiscal Year			
Ending June 30,	Principal	Interest	Total
2009	\$225,000	\$681,850	\$906,850
2010	220,000	672,950	892,950
2011	225,000	664,050	889,050
2012	250,000	654,550	904,550
2013	250,000	644,550	894,550
2014-2018	2,085,000	2,989,325	5,074,325
2019-2023	2,580,000	2,478,200	5,058,200
2024-2028	3,235,000	1,812,981	5,047,981
2029-2033	4,025,000	995,368	5,020,368
2034-2035	1,905,000	96,375	2,001,375
	<u>\$15,000,000</u>	<u>\$11,690,199</u>	<u>\$26,690,199</u>

Principal and interest requirements to retire the promissory note outstanding at June 30, 2008, are as follows:

Fiscal Year			
Ending June 30,	Principal	Interest	Total
2009	\$17,571	\$1,048	\$18,619

The School District exceeded its overall debt limitation of \$12,396,893 by \$2,620,677. The Board of Education has obtained consent from the State Tax Commissioner and the Superintendent of Public Instruction to issue debt beyond the nine percent debt limitation, as the School District qualifies as a "special needs district." The School District's unvoted debt margin was \$120,368 at June 30, 2008.

**Note 15 – Interfund Balances and Transfers**

Interfund receivables and payables at June 30, 2008, consist of the following individual balances, representing monies advanced to federal and state grant funds to be repaid to the General Fund when grant funds are received, as well as an advance from the School Facilities Fund to the Bond Retirement, to be paid back when tax revenue is received:

	Interfund Receivable	Interfund Payable
General Fund:	\$2,642	\$0
Special Revenue Fund:		
Ohio Reads Fund	0	2,642
Total All Funds	<u>\$2,642</u>	<u>\$2,642</u>

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

---

During fiscal year 2008, the General Fund made a transfer to the Lunchroom Special Revenue Fund to cover operating costs.

**Note 16 - Jointly Governed Organizations**

**The South Central Ohio Computer Association (SCOCA)** is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. Ironton City School District paid \$102,021 for services provided during fiscal year 2008. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

**The Lawrence County Joint Vocational School District** is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from Chesapeake Union Exempted Village School District, two from the Ironton City School District, and two from the Lawrence County Educational Service Center, which possesses its own budgeting and taxing authority. Ironton City School District made no payments to the Joint Vocational School District in fiscal year 2008. To obtain financial information write to the Lawrence County Joint Vocational School District, 11627 State Route 243, Chesapeake, OH 45619.

**Note 17 - Insurance Purchasing Pools**

The School District participates in the **Ohio School Plan (OSP)**, an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

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

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

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

**Note 18 – Donor Restricted Endowments**

The School District’s private purpose trust funds include donor restricted endowments. Total endowments, representing the principal portion are \$72,595. The amount of net appreciation in donor restricted investments that is available for expenditure by the School District is \$15,269 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowments’ intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate that interest should be used to provide scholarships each year.

**Note 19 – Contractual Commitments**

During fiscal years 2007 and 2008, the School District awarded several contracts relating to its school facilities project. Contractual commitments outstanding at June 30, 2008 are as follows:

Contractor	Project	Contract Amount	Paid as of 6/30/2008	Contract Remaining
Fanning/Howey Associates, Inc.	Architect	\$2,391,740	\$1,833,573	\$558,167
LEPI, Inc.	Asbestos Abatement	92,549	92,549	0
Lawhorn & Associates, Inc.	Asbestos Abatement Design	121,120	36,010	85,110
J&H Erectors	Combined GTC	10,449,768	4,164,150	6,285,618
	Combined Masonry, Steel &			
J&H Erectors	General Trades	9,533,500	0	9,533,500
BBL Construction Services	Construction Manager	2,538,764	879,221	1,659,543
J&H Erectors	Demolition and Pad	1,676,346	1,589,467	86,879
Accurate Electric	Electric and Cabling	2,762,501	239,901	2,522,600
McDaniel Electric	Electric and Cabling	3,372,160	610,439	2,761,721
Brewer & Company	Fire Suppression Elementary	268,750	0	268,750
Central Fire Protection	Fire Suppression High School	245,721	0	245,721
Great Lakes Hotel Supply Co.	Food Service	304,465	0	304,465
Great Lakes Hotel Supply Co.	Food Service	438,582	0	438,582
BB&E	Plumbing and HVAC	4,204,218	1,261,295	2,942,923
Mechanical Construction	Plumbing and HVAC	3,508,300	129,469	3,378,831
Boggs Roofing	Roofing Middle School	554,500	122,604	431,896
Boggs Roofing	Roofing High School	946,200	330,993	615,207
J&H Reinforcing Erectors	Site Utilities	313,989	303,993	9,996
Boone Coleman	Site Work	1,270,361	1,221,131	49,230
Total		<u>\$44,993,534</u>	<u>\$12,814,795</u>	<u>\$32,178,739</u>

**Note 20 - Set Asides**

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 fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. In prior fiscal years, the School District was also required to set aside money for budget stabilization.

Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for the budget stabilization was deleted from law. A school district may still

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the District's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers' Compensation monies remaining in the budget reserve. During fiscal year 2002, the Board of Education passed a resolution to maintain only the refunds from the Bureau of Workers Compensation in the budget reserve pursuant to State Statute and at June 30, 2008, this is all that continues to be set aside.

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2007	\$4,409	\$0	\$768,981
Current Year Set-aside Requirement	0	242,960	242,960
Current Year Offsets	0	(1,040,222)	0
Qualifying Disbursements	0	(121,621)	(156,886)
Total	<u>\$4,409</u>	<u>(\$918,883)</u>	<u>\$855,055</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$4,409</u>	<u>(\$121,621)</u>	<u>\$855,055</u>
Set-aside Reserve Balance as of June 30, 2008	<u>\$4,409</u>	<u>\$0</u>	<u>\$855,055</u>

The School District had qualifying expenditures and offsets during the fiscal year that reduced the capital improvement set-aside amounts below zero. The extra amount may not be used to reduce the set-aside requirements of future years.

**Note 21 - Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

***B. Litigation***

The School District is currently not a party to any legal proceedings.

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Grant Year	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Food Donation	N/A	10.550		\$20,694		\$20,694
Nutrition Cluster:						
School Breakfast Program	2008	10.553	\$135,460		\$135,460	
National School Lunch Program	2008	10.555	279,911		279,911	
Total Nutrition Cluster			<u>415,371</u>	<u>0</u>	<u>415,371</u>	<u>0</u>
Total U.S. Department of Agriculture			415,371	20,694	415,371	20,694
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	2007	84.010	61,224		112,175	
	2008		634,948		582,656	
Title I Grants to Local Educational Agencies - Delinquent	2007		(3,741)		222	
	2008		26,638		24,851	
Total Title I Grants to Local Educational Agencies			<u>719,069</u>	<u>0</u>	<u>719,904</u>	<u>0</u>
Special Education-Grants to States	2002	84.027			2,115	
	2007		66,149		75,426	
	2008		381,862		346,921	
Total Special Education-Grants to States			<u>448,011</u>	<u>0</u>	<u>424,462</u>	<u>0</u>
Safe and Drug Free Schools and Communities-State Grants	2007	84.186	2,344		4,230	
	2008		5,442		3,201	
Total Safe and Drug Free Schools and Communities-State Grants			<u>7,786</u>	<u>0</u>	<u>7,431</u>	<u>0</u>
State Grants for Innovative Programs	2008	84.298	7,606		7,399	
Education Technology State Grants	2007	84.318	2,049		209	
	2008		8,749		7,779	
Total Education Technology State Grants			<u>10,798</u>	<u>0</u>	<u>7,988</u>	<u>0</u>
Improving Teacher Quality State Grants	2007	84.367	9,515		26,991	
	2008		138,868		118,865	
Total Improving Teacher Quality State Grants			<u>148,383</u>	<u>0</u>	<u>145,856</u>	<u>0</u>
Total U.S. Department of Education			<u>1,341,653</u>	<u>0</u>	<u>1,313,040</u>	<u>0</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$1,757,024</u></b>	<b><u>\$20,694</u></b>	<b><u>\$1,728,411</u></b>	<b><u>\$20,694</u></b>

The Notes to the Schedule of Federal Awards Receipts and Expenditures is an integral part of the Schedule.

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C - FOOD DONATION PROGRAM**

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

**NOTE D - TRANSFER BETWEEN GRANT YEARS**

During fiscal year 2008, there were transfers between grant years to account for carryover of grant monies. These transfers were reflected as negative receipts under the old grant year and positive receipts under the new grant year on the Schedule. Transfers were made between the 2007 and 2008 grant years as follows:

Program:	Amount:	From Grant Year:	To Grant Year:
CFDA 84.010	\$3,741	2007	2008
CFDA 84.027	\$4,165	2007	2008

**NOTE E – EXPENDITURE OF PRIOR YEAR GRANT MONIES**

During fiscal year 2008, the School District transferred \$2,115 from the 2002 Special Education Grants to States Fund to the General Fund. This was done to reimburse the General Fund for 2002 special education expenditures that were posted to the General Fund instead of the Special Education Grants to States Fund.



# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Ironton City School District  
Lawrence County  
105 South Fifth Street  
Ironton, Ohio 45638

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ironton City School District, Lawrence County, (the School District) as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

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

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

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

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

We noted certain matters that we reported to the School District's management in a separate letter dated March 20, 2009.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters that we reported to the School District's management in a separate letter dated March 20, 2009.

We intend this report solely for the information and use of the audit committee, management, the Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

March 20, 2009



# Mary Taylor, CPA

Auditor of State

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

Ironton City School District  
Lawrence County  
105 South Fifth Street  
Ironton, Ohio 45638

To the Board of Education:

### Compliance

We have audited the compliance of the Ironton City School District, Lawrence County, Ohio (the School District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion the School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008.

### Internal Control Over Compliance

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

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

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

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

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



**Mary Taylor, CPA**  
Auditor of State

March 20, 2009

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2008**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I Grants to Local Educational Agencies CFDA # 84.010  Special Education - Grants to States CFDA #84.027
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None.

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

None.





Mary Taylor, CPA  
Auditor of State

IRONTON CITY SCHOOL DISTRICT

LAWRENCE COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
APRIL 7, 2009