



Mary Taylor, CPA  
Auditor of State



**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

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# 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 Ironton City School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2006, 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 Ironton City School District, Lawrence County, Ohio, as of June 30, 2006, 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 May 10, 2007, 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.

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 the US 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 black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

May 10, 2007

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*Unaudited*

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The discussion and analysis of the Ironton City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2006. 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 2006 are as follows:**

- Net assets of governmental activities increased \$864,964.
- General revenues accounted for \$10,355,213 or 69% of all revenues. Program specific revenues in the form of Charges for Services and Sales, Operating Grants and Contributions, and Capital Grants and Contributions accounted for \$4,759,338 or 31% of total revenues of \$15,114,551.
- The School District had \$14,249,587 in expenses related to governmental activities; \$4,759,338 of these expenses was offset by program specific Charges for Services and Sales, Operating Grants and Contributions, and Capital Grants and Contributions. General revenues of \$10,355,213 were adequate to provide for the rest of these programs.
- The School District has one major fund, the General Fund. The General Fund had \$11,474,304 in revenues and \$10,335,429 in expenditures. The General Fund's balance increased \$1,094,196.

**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 Ironton City 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.

***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 2006?" 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

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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 fund is the General 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.

***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.



**Ironton City School District, Ohio**  
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*For the Fiscal Year Ended June 30, 2006*  
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**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 2006 compared to 2005.

Table 1  
Net Assets

	Governmental Activities		
	2006	Restated 2005	Change
<b>Assets</b>			
Current and Other Assets	\$7,526,163	\$7,064,948	\$461,215
Capital Assets	2,059,730	1,921,858	137,872
Total Assets	<u>9,585,893</u>	<u>8,986,806</u>	<u>599,087</u>
<b>Liabilities</b>			
Long-term Liabilities	1,190,471	1,124,572	65,899
Other Liabilities	3,770,248	4,102,024	(331,776)
Total Liabilities	<u>4,960,719</u>	<u>5,226,596</u>	<u>(265,877)</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Debt	1,976,766	1,781,314	195,452
Restricted	1,284,717	1,245,909	38,808
Unrestricted	1,363,691	732,987	630,704
Total Net Assets	<u><u>\$4,625,174</u></u>	<u><u>\$3,760,210</u></u>	<u><u>\$864,964</u></u>

Total assets increased \$599,087, primarily due to an increase in cash, and an increase in capital assets. Total liabilities decreased \$265,877, primarily due to a decrease in accrued wages and benefits, offset by increases in accounts payable, contracts payable, and compensated absences payable.

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
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Table 2 shows the changes in net assets for the fiscal year ended June 30, 2006, and comparisons to fiscal year 2005.

Table 2  
Changes in Net Assets

	Governmental Activities		
	2006	Restated 2005	Change
<b>Revenues</b>			
Program Revenues			
Charges for Services	\$1,541,117	\$1,588,357	(\$47,240)
Operating Grants, Contributions and Interest	3,206,807	3,358,885	(152,078)
Capital Grants and Contributions	11,414	16,311	(4,897)
Total Program Revenues	<u>4,759,338</u>	<u>4,963,553</u>	<u>(204,215)</u>
General Revenues			
Property Taxes	2,442,207	2,528,476	(86,269)
Grants and Entitlements	7,788,032	7,115,514	672,518
Gifts and Donations	0	1,995	(1,995)
Investment Earnings	92,568	57,043	35,525
Gain on Sale of Fixed Assets	0	1,975	(1,975)
Miscellaneous	32,406	42,217	(9,811)
Total General Revenues	<u>10,355,213</u>	<u>9,747,220</u>	<u>607,993</u>
Total Revenues	<u>15,114,551</u>	<u>14,710,773</u>	<u>403,778</u>
<b>Program Expenses</b>			
Instruction:			
Regular	5,972,703	5,595,530	377,173
Special	1,912,167	1,786,814	125,353
Vocational	262,277	250,901	11,376
Other	0	16,126	(16,126)
Support Services:			
Pupils	718,926	698,047	20,879
Instructional Staff	417,366	365,413	51,953
Board of Education	136,351	130,658	5,693
Administration	1,192,962	1,086,683	106,279
Fiscal	389,555	364,382	25,173
Operation and Maintenance of Plant	1,414,978	1,796,622	(381,644)
Pupil Transportation	600,753	540,223	60,530
Central	8,338	262,112	(253,774)
Operation of Non-Instructional Services:			
Food Service Operations	595,603	573,478	22,125
Community Services	117,912	158,161	(40,249)
Extracurricular Activities	503,047	415,204	87,843
Interest and Fiscal Charges	6,649	10,602	(3,953)
Total Expenses	<u>14,249,587</u>	<u>14,050,956</u>	<u>198,631</u>
Decrease in Net Assets	864,964	659,817	205,147
Net Assets Beginning of Year	<u>3,760,210</u>	<u>3,100,393</u>	<u>659,817</u>
Net Assets End of Year	<u>\$4,625,174</u>	<u>\$3,760,210</u>	<u>\$864,964</u>

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*Unaudited*

The Statement of Activities shows the cost of program services and the Charges for Services and Sales, Operating Grants and Contributions, and Capital Grants and Contributions 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 <u>2006</u>	Net Cost of Services <u>2006</u>	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>
<b>Program Expenses</b>				
Instruction:				
Regular	\$5,972,703	\$4,505,894	\$5,595,530	\$3,451,415
Special	1,912,167	693,765	1,786,814	574,641
Vocational	262,277	165,195	250,901	182,621
Adult/Continuing	0	0	16,126	16,126
Support Services:				
Pupils	718,926	568,579	698,047	534,613
Instructional Staff	417,366	224,004	365,413	181,255
Board of Education	136,351	136,351	130,658	130,658
Administration	1,192,962	1,192,962	1,086,683	1,066,177
Fiscal	389,555	383,679	364,382	355,167
Operation and Maintenance of Plant	1,414,978	1,176,319	1,796,622	1,753,843
Pupil Transportation	600,753	285,713	540,223	458,706
Central	8,338	2,716	262,112	258,176
Operation of Non-Instructional Services:				
Food Service Operations	595,603	(19,144)	573,478	4,946
Community Services	117,912	(7,054)	158,161	(5,488)
Extracurricular Activities	503,047	174,621	415,204	113,945
Interest and Fiscal Charges	6,649	6,649	10,602	10,602
<b>Total</b>	<u><u>\$14,249,587</u></u>	<u><u>\$9,490,249</u></u>	<u><u>\$14,050,956</u></u>	<u><u>\$9,087,403</u></u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent. 55% of instruction activities are supported through taxes and other general revenues. Almost every program expense experienced an increase from the prior year, but none were significant. Also, expenses remained below revenues.

**The School District Funds**

The School District's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$15,144,837 and expenditures of \$14,310,898. The School District has continued to spend less than it receives, while maintaining the same levels of service.

*General Fund* – The General Fund is the primary operating fund and the only major fund of the School District. At the end of 2006, unreserved fund balance was \$1,874,038, while total fund balance was \$2,971,030. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. Unreserved fund balance represents 18 percent of total General Fund expenditures, while total fund balance represents 29 percent of General Fund

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*Management's Discussion and Analysis*  
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Expenditures. The fund balance of the School District's General Fund increased \$1,094,196 during the current fiscal year. The key factor in this increase is an increase in cash due to decreased expenditures.

***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 2006, 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 \$11,422,762, above original estimates of \$9,673,010. Of this \$1,749,752 difference, most was due to the School District not budgeting for open enrollment tuition revenue.

Final appropriations were \$10,678,074, which were less than the original budget by \$426,226. The final appropriations were then set equal to the actual expenditures at year end.

The School District's ending unobligated General Fund balance was \$3,721,484.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2006, the School District had \$2,059,730 invested in land, buildings, improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2006 balances compared to 2005.

Table 4  
 Capital Assets  
 (Net of Depreciation)

	Governmental Activities	
	2006	Restated 2005
Land	\$321,591	\$321,591
Land Improvements	77,640	81,303
Buildings and Improvements	1,355,204	1,137,929
Furniture and Equipment	94,605	127,146
Vehicles	210,690	253,889
Totals	\$2,059,730	\$1,921,858

See Note 9 for more information on Capital Assets.

**Ironton City School District, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2006*  
*Unaudited*

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***Debt***

At June 30, 2006, the School District had the following debt outstanding:

Table 5  
Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2006</u>	<u>2005</u>
Capital Leases Payable	\$0	\$5,112
Promissory Note	40,775	53,404
Energy Conservation Bonds	42,189	82,028
Total	<u>\$82,964</u>	<u>\$140,544</u>

See Note 14 for more information on debt.

**Economic Factors**

As the preceding information shows, the School District depends on the State School Foundation Program. The Ironton City School District must maintain its current spending habits to maintain its healthy financial situation. The Ironton City 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.

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**Ironton City School District, Ohio**

*Statement of Net Assets*

June 30, 2006

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,783,278
Intergovernmental Receivable	234,982
Property Taxes Receivable	2,497,801
Materials and Supplies Inventory	10,102
Nondepreciable Capital Assets	321,591
Depreciable Capital Assets, Net	<u>1,738,139</u>
<i>Total Assets</i>	<u>9,585,893</u>
<b>Liabilities</b>	
Accounts Payable	48,599
Contracts Payable	73,455
Accrued Wages and Benefits Payable	1,105,813
Accrued Interest Payable	1,247
Vacation Benefits Payable	94,709
Matured Compensated Absences Payable	28,601
Deferred Revenue	1,989,382
Intergovernmental Payable	428,442
Long-Term Liabilities:	
Due within One Year	198,318
Due in More than One Year	<u>992,153</u>
<i>Total Liabilities</i>	<u>4,960,719</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	1,976,766
Restricted for:	
Capital Outlay	47,970
Other Purposes	444,052
Bus Purchases	32,478
Budget Stabilization	4,409
Textbooks	624,194
Capital Improvements	131,614
Unrestricted	<u>1,363,691</u>
<i>Total Net Assets</i>	<u><u>\$4,625,174</u></u>

*The notes to the financial statements are an integral part of this statement.*

**Ironton City School District, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants, Contributions and Interest		
<b>Governmental Activities</b>					
Instruction:					
Regular	\$5,972,703	\$1,018,434	\$448,375	\$0	(\$4,505,894)
Special	1,912,167	0	1,218,402	0	(693,765)
Vocational	262,277	0	97,082	0	(165,195)
Support Services:					
Pupils	718,926	0	150,347	0	(568,579)
Instructional Staff	417,366	0	193,362	0	(224,004)
Board of Education	136,351	0	0	0	(136,351)
Administration	1,192,962	0	0	0	(1,192,962)
Fiscal	389,555	0	5,876	0	(383,679)
Operation and Maintenance of Plant	1,414,978	0	238,659	0	(1,176,319)
Pupil Transportation	600,753	0	303,626	11,414	(285,713)
Central	8,338	0	5,622	0	(2,716)
Operation of Non-Instructional Services:					
Food Service Operations	595,603	194,398	420,349	0	19,144
Community Services	117,912	0	124,966	0	7,054
Extracurricular Activities	503,047	328,285	141	0	(174,621)
Interest and Fiscal Charges	6,649	0	0	0	(6,649)
<b>Totals</b>	<u>\$14,249,587</u>	<u>\$1,541,117</u>	<u>\$3,206,807</u>	<u>\$11,414</u>	<u>(9,490,249)</u>
<b>General Revenues</b>					
Property Taxes Levied for General Purposes					2,442,207
Grants and Entitlements not Restricted to Specific Programs					7,788,032
Investment Earnings					92,568
Miscellaneous					32,406
<b>Total General Revenues</b>					<u>10,355,213</u>
<b>Change in Net Assets</b>					864,964
<b>Net Assets Beginning of Year - Restated (See Note 3)</b>					<u>3,760,210</u>
<b>Net Assets End of Year</b>					<u>\$4,625,174</u>

The notes to the financial statements are an integral part of this statement.



**Ironton City School District, Ohio**

*Balance Sheet*

*Governmental Funds*

*June 30, 2006*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,100,632	\$889,951	\$3,990,583
Receivables:			
Property Taxes	2,497,801	0	2,497,801
Intergovernmental	0	234,982	234,982
Interfund	138,185	0	138,185
Materials and Supplies Inventory	0	10,102	10,102
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	792,695	0	792,695
<i>Total Assets</i>	<u>\$6,529,313</u>	<u>\$1,135,035</u>	<u>\$7,664,348</u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts Payable	\$33,312	\$15,287	\$48,599
Contracts Payable	0	73,455	73,455
Accrued Wages and Benefits Payable	820,534	285,279	1,105,813
Matured Compensated Absences Payable	28,601	0	28,601
Interfund Payable	0	138,185	138,185
Deferred Revenue	2,334,423	156,186	2,490,609
Intergovernmental Payable	341,413	87,029	428,442
<i>Total Liabilities</i>	<u>3,558,283</u>	<u>755,421</u>	<u>4,313,704</u>
<b>Fund Balances</b>			
Reserved for Encumbrances	140,919	106,116	247,035
Reserved for Property Taxes	163,378	0	163,378
Reserved for Textbooks	624,194	0	624,194
Reserved for Bus Purchases	32,478	0	32,478
Reserved for Capital Improvements	131,614	0	131,614
Reserved for Budget Stabilization	4,409	0	4,409
Unreserved, Undesignated, Reported in:			
General Fund	1,874,038	0	1,874,038
Special Revenue Funds	0	274,079	274,079
Capital Projects Funds (Deficit)	0	(581)	(581)
<i>Total Fund Balances</i>	<u>2,971,030</u>	<u>379,614</u>	<u>3,350,644</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$6,529,313</u>	<u>\$1,135,035</u>	<u>\$7,664,348</u>

*The notes to the financial statements are an integral part of this statement.*

**Ironton City School District, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 June 30, 2006*

<b>Total Governmental Fund Balances</b>		\$3,350,644
 <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.		2,059,730
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property Taxes	345,041	
Grants	156,186	501,227
Vacation Benefits Payable is recognized for earned vacation benefits that are to be used within one year but are not recognized on the balance sheet until due.		(94,709)
Interest payable is accrued for outstanding long-term liabilities, while interest is not reported until due on the balance sheet.		(1,247)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Promissory Note Payable	(40,775)	
Energy Conservation Bonds Payable	(42,189)	
Sick Leave Benefits Payable	(1,107,507)	(1,190,471)
Net Assets of Governmental Activities		\$4,625,174

*The notes to the financial statements are an integral part of this statement.*

**Ironton City School District, Ohio**  
*Combined Statement of Revenues, Expenditures, and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2006*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$2,473,864	\$0	\$2,473,864
Intergovernmental	7,862,669	3,141,893	11,004,562
Investment Earnings	92,568	320	92,888
Tuition and Fees	1,000,059	4,717	1,004,776
Rent	13,658	0	13,658
Charges for Services	0	194,398	194,398
Extracurricular	0	328,285	328,285
Miscellaneous	31,486	920	32,406
<i>Total Revenues</i>	<u>11,474,304</u>	<u>3,670,533</u>	<u>15,144,837</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	4,186,891	1,608,534	5,795,425
Special	1,204,891	679,049	1,883,940
Vocational	255,631	0	255,631
Support Services:			
Pupils	524,477	187,970	712,447
Instructional Staff	204,226	206,106	410,332
Board of Education	136,351	0	136,351
Administration	1,174,856	426	1,175,282
Fiscal	368,004	21,508	389,512
Operation and Maintenance of Plant	1,480,363	249,675	1,730,038
Pupil Transportation	518,535	28,423	546,958
Central	0	5,622	5,622
Operation of Non-Instructional Services:			
Food Service Operations	2,828	588,325	591,153
Community Services	0	116,934	116,934
Extracurricular Activities	276,443	220,215	496,658
Debt Service:			
Principal Retirement	1,866	55,714	57,580
Interest and Fiscal Charges	67	6,968	7,035
<i>Total Expenditures</i>	<u>10,335,429</u>	<u>3,975,469</u>	<u>14,310,898</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,138,875</u>	<u>(304,936)</u>	<u>833,939</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	44,679	44,679
Transfers Out	(44,679)	0	(44,679)
<i>Total Other Financing Sources (Uses)</i>	<u>(44,679)</u>	<u>44,679</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,094,196	(260,257)	833,939
<i>Fund Balances Beginning of Year</i>	<u>1,876,834</u>	<u>639,871</u>	<u>2,516,705</u>
<i>Fund Balances End of Year</i>	<u>\$2,971,030</u>	<u>\$379,614</u>	<u>\$3,350,644</u>

*The notes to the financial statements are an integral part of this statement.*

**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, 2006*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$833,939</b>
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*Amounts reported for governmental activities in the statement of activities  
are different because*

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

Capital Asset Additions	329,748
Depreciation Expense	(191,876)

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

Grants	1,371	
Delinquent Taxes	<u>(31,657)</u>	(30,286)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	57,580
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In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due:	386
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Vacation Benefits Payable	(11,048)	
Sick Leave Benefits Payable	<u>(123,479)</u>	<u>(134,527)</u>

<i>Change in Net Assets of Governmental Activities</i>	<u><u>\$864,964</u></u>
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*The notes to the financial statements are an integral part of this statement.*

**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, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$2,508,203	\$2,391,776	\$2,391,776	\$0
Intergovernmental	\$7,164,565	7,893,252	7,893,252	0
Investment Earnings	\$0	92,531	92,531	0
Tuition and Fees	\$0	1,000,059	1,000,059	0
Rent	\$0	13,658	13,658	0
Gifts and Donations	\$0	0	0	0
Miscellaneous	\$242	31,486	31,486	0
<i>Total Revenues</i>	9,673,010	11,422,762	11,422,762	0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,695,543	4,277,465	4,277,465	0
Special	1,187,464	1,217,180	1,217,180	0
Vocational	245,324	258,550	258,550	0
Support Services:				
Pupils	574,357	545,696	545,696	0
Instructional Staff	215,098	205,310	205,310	0
Board of Education	153,341	152,180	152,180	0
Administration	1,135,379	1,187,497	1,187,497	0
Fiscal	375,372	368,658	368,658	0
Operation and Maintenance of Plant	1,642,876	1,552,518	1,552,518	0
Pupil Transportation	563,901	532,359	532,359	0
Central	88,642	100,685	100,685	0
Operation of Non-Instructional Services:				
Community Services	5	2,828	2,828	0
Extracurricular Activities:				
Academic Oriented Activities	17,385	27,025	27,025	0
Sport Oriented Activities	189,005	224,604	224,604	0
School and Public Service Co-Curricular Activities	20,608	23,219	23,219	0
Capital Outlay	0	2,300	2,300	0
<i>Total Expenditures</i>	11,104,300	10,678,074	10,678,074	0
<i>Excess of Revenues Over Expenditures</i>	(1,431,290)	744,688	744,688	0
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(102,928)	(44,679)	(44,679)	0
Advances In	0	20,664	31,037	10,373
Advances Out	(32,589)	(138,185)	(138,185)	0
<i>Total Other Financing Sources (Uses)</i>	(135,517)	(162,200)	(151,827)	10,373
<i>Net Change in Fund Balance</i>	(1,566,807)	582,488	592,861	10,373
<i>Fund Balance Beginning of Year</i>	3,049,997	3,049,997	3,049,997	0
Prior Year Encumbrances Appropriated	78,626	78,626	78,626	0
<i>Fund Balance End of Year</i>	\$1,561,816	\$3,711,111	\$3,721,484	\$10,373

The notes to the financial statements are an integral part of this statement.

**Ironton City School District, Ohio**

*Statement of Fiduciary Net Assets*

*Fiduciary Funds*

*June 30, 2006*

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	Private-Purpose	
	Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$90,315	<u>\$45,107</u>
<b>Liabilities</b>		
Due to Students	0	<u>\$45,107</u>
<b>Net Assets</b>		
Restricted for Endowments	72,595	
Held in Trust for Students	<u>17,720</u>	
Total Net Assets	<u>\$90,315</u>	

*The notes to the financial statements are an integral part of this statement.*

**Ironton City School District, Ohio**  
*Statement of Changes in Fiduciary Net Assets*  
*Private-Purpose Trust Funds*  
*For the Fiscal Year Ended June 30, 2006*

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<b>Additions</b>	
Gifts and Contributions	\$1,359
Interest	<u>1,982</u>
Total Additions	3,341
<b>Deductions</b>	
Scholarships	<u>6,658</u>
Change in Net Assets	(3,317)
Net Assets Beginning of Year	<u>93,632</u>
Net Assets End of Year	<u><u>\$90,315</u></u>

*The notes to the financial statements are an integral part of this statement.*

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**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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

Ironton City 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 84 classified employees, 132 certified teaching personnel, and nine administrators who provide services to 1,627 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 Ironton City 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 Pilasco-Ross Special Education Regional Resource Center, 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 17 and 18 to the basic financial statements.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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**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, 2006*

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**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 is the School District's major governmental fund:

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

The 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.

**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.

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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**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 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from 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, 2006, but which were levied to finance fiscal year 2007 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.

**E. Cash and Cash Equivalents**

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

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

During fiscal year 2006, investments were limited to nonnegotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2006 amounted to \$92,568, which includes \$18,937 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 expensed/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.

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
Buildings and Improvements	50 years
Furniture and Equipment	5 - 20 years
Vehicles	3 - 10 years

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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***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 amounts required by statute to be set-aside by the School District for the purchase of textbooks and capital improvements, for the creation of a reserve for budget stabilization, and unexpended revenues restricted for the purchase of buses. 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.

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the governmental fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

***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, notes, and capital leases 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, 2006*

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***K. Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the 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 encumbrances, textbooks, capital improvements, budget stabilization, property taxes, and bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. 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 \$1,358,172 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.

***O. Estimates***

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

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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***P. 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 School District 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 School District 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.

**Note 3 - Changes in Accounting Principles and Restatement of Net Assets**

***Changes in Accounting Principles*** - For the fiscal year ended June 30, 2006, the School District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" and GASB Statement No. 47, "Accounting for Termination Benefits."

GASB Statement No. 42 provides guidance on the accounting treatment and financial reporting requirements for impairments of capital assets and insurance recoveries. The implementation of this statement had no effect on the financial statements.

GASB Statement No. 47 establishes accounting standards for termination benefits. The implementation of this statement had no effect on the financial statements.

***Restatement of Net Assets*** – The School District contracted with Valuation Engineers, Inc. to perform a physical inventory count as of June 30, 2006. This resulted in a net increase in capital assets of \$453,448, increasing total net assets from \$3,306,762 to \$3,760,210.



**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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**Note 4 – Accountability**

The following funds had deficit fund balances at June 30, 2006:

	<u>Deficit Fund Balances</u>
Special Revenue Funds:	
Food Service	\$13,949
Title I	36,874
Public School Preschool	7,921
IDEA-B	14,078
Poverty-Based Assistance	45,585

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.

**Note 5 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - 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.
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.

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Net Change in Fund Balance

GAAP Basis	\$1,094,196
Revenue Accruals	(51,505)
Beginning of Year:	
Prepaid Items	35,570
Unreported Interest	179
End of Year:	
Unreported Interest	(216)
Advances In	31,037
Advances Out	(138,185)
Expenditure Accruals	(206,588)
Encumbrances	<u>(171,627)</u>
Budget Basis	<u><u>\$592,861</u></u>

**Note 6 - Deposits and Investments**

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

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

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

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

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

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

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5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio).
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, \$5,077,992 of the School District's bank balance of \$5,187,492 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial 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.

**Note 7 - Property Taxes**

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

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 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, 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 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public

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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 2006 (other than public utility property tax) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value listed as of December 31, 2005. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 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, 2006, are available to finance fiscal year 2006 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, 2006, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2006, was \$163,378 and is recognized as revenue in the General Fund. The amount available as an advance to the General Fund at June 30, 2005, was \$81,290.

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 2006 taxes were collected are:

	2005 Second- Half Collections		2006 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$87,734,370	65%	\$87,931,190	67%
Public Utility Personal	29,559,910	22%	29,724,460	23%
Tangible Personal Property	16,711,840	13%	14,380,870	10%
<b>Total</b>	<b>\$134,006,120</b>	<b>100%</b>	<b>\$132,036,520</b>	<b>100%</b>
Tax rate per \$1,000 of assessed valuation		\$25.00		\$25.00

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
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**Note 8 - Receivables**

Receivables at June 30, 2006, 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. A summary of principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Governmental Activities:	
Public School Preschool	\$19,702
IDEA-B Grant	33,811
Title I Grant	63,957
Hurricane Education Recovery Act	34,467
Emergency Building Repair	83,045
Total Intergovernmental Receivables	\$234,982

**Note 9 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	Restated Balance 6/30/2005	Additions	Deductions	Balance 6/30/2006
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$321,591	\$0	\$0	\$321,591
Depreciable Capital Assets:				
Land Improvements	699,987	2,550	0	702,537
Buildings and Improvements	5,192,266	312,013	0	5,504,279
Furniture and Equipment	1,071,964	10,985	0	1,082,949
Vehicles	711,257	4,200	0	715,457
Total Capital Assets being Depreciated	7,675,474	329,748	0	8,005,222
Less Accumulated Depreciation				
Land Improvements	(618,684)	(6,213)	0	(624,897)
Buildings and Improvements	(4,054,337)	(94,738)	0	(4,149,075)
Furniture and Equipment	(944,818)	(43,526)	0	(988,344)
Vehicles	(457,368)	(47,399)	0	(504,767)
Total Accumulated Depreciation	(6,075,207)	(191,876)	0	(6,267,083)
Total Capital Assets being Depreciated, Net	1,600,267	137,872	0	1,738,139
Capital Assets, Net	\$1,921,858	\$137,872	\$0	\$2,059,730

**Ironton City School District, Ohio**  
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\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$108,444
Vocational	3,139
Support Services:	
Pupils	2,124
Instructional Staff	4,332
Administration	5,542
Operation and Maintenance of Plant	7,574
Pupil Transportation	49,103
Central	2,102
Operation of Non-Instructional Services:	
Food Service Operations	3,127
Extracurricular Activities	6,389
Total Depreciation Expense	<u>\$191,876</u>

Of the total Capital Assets being Depreciated amount, \$2,464,979 was fully depreciated at June 30, 2006.

**Note 10 - Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2006, the School District contracted with Harcum Schulett Insurance for property and fleet insurance. The type and amount of coverage provided follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$47,461,500
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 18).

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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	1,000,000
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. Worker's Compensation***

For fiscal year 2006, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**Note 11 - 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

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that may be accumulated. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 69 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 \$1,155 for family coverage and \$468 for single coverage. The School District pays 85% of the premium. Dental insurance is provided by CIGNA. Premiums are \$24 for individual coverage and \$52 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 \$9 for family coverage. The School District pays 100% of the individual premium. Employees opting for family coverage must pay the difference.

**Note 12 - Defined Benefit Pension Plans**

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

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853 or by visiting the SERS website at [ohsers.org](http://ohsers.org).

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 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$106,805, \$177,197, and \$164,293; 12 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

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

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. 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 (614) 227-4090, 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



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salary times a percentage that varies based on years of service, or an allowance based on member 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 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. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2006, 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 2005, 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 the DB Plan for the fiscal years ended June 30, 2006, 2005, and 2004, were \$826,811, \$734,109, and \$551,387; 85 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$7,505 made by the School District and \$10,601 made by the plan members.

**Note 13 - Postemployment Benefits**

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

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS

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Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$63,601 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005, (the latest information available) the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$71,113.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available), were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has approximately 58,123 participants currently receiving health care benefits.

**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 6/30/2005	Additions	Reductions	Principal Outstanding 6/30/2006	Amounts Due in One Year
Governmental Activities					
Capital Leases	\$5,112	\$0	\$5,112	\$0	\$0
Energy Conservation Bonds, 1998-5.90%	82,028	0	39,839	42,189	0
Promissory Note, 2004-3.67%	53,404	0	12,629	40,775	13,099
Sick Leave Benefits	984,028	190,886	67,407	1,107,507	185,219
Total Governmental Activities					
Long-Term Liabilities	<u>\$1,124,572</u>	<u>\$190,886</u>	<u>\$124,987</u>	<u>\$1,190,471</u>	<u>\$198,318</u>

On June 27, 1997, the School District issued school energy conservation bonds in the amount of \$330,506 for energy efficiency improvements to School District buildings. The bonds will be paid from savings generated from reduced energy costs. 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. The capital lease payments were made from the General Fund and the District Managed Activity Special Revenue Fund. Sick leave benefits will be paid from the fund from which the employees' salaries are

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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 energy conservation bonds outstanding at June 30, 2006, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	\$0	\$3,665	\$3,665
2008	42,189	1,245	43,434
	<u>\$42,189</u>	<u>\$4,910</u>	<u>\$47,099</u>

Principal and interest requirements to retire the promissory note outstanding at June 30, 2006, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	\$13,099	\$1,517	\$14,616
2008	13,586	1,030	14,616
2009	14,090	526	14,616
	<u>\$40,775</u>	<u>\$3,073</u>	<u>\$43,848</u>

The overall debt margin of the School District as of June 30, 2006, was \$10,940,979, with an unvoted debt margin of \$39,524.

**Note 15 - Capitalized Leases - Lessee Disclosure**

In prior years, the School District entered into capitalized leases for six copiers and computer equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures on the statement of revenues, expenditures, and changes in fund balances for governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by lease have been capitalized in the amount of \$34,548, which is equal to the present value of the future minimum lease payments at the time of acquisition. The carrying value of these assets at June 30, 2006, is \$12,866.

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**Note 16 – Interfund Balances and Transfers**

Interfund receivables and payables at June 30, 2006, consist of the following individual balances, representing monies advanced to federal and state grant funds to be repaid when grant funds are received:

	Interfund Receivable	Interfund Payable
General Fund:	\$138,185	\$0
Special Revenue Fund:		
Public School Preschool	0	23,595
Capital Projects Fund:		
Emergency Building Repair	0	114,590
Total All Funds	\$138,185	\$138,185

During fiscal year 2006, the General Fund made a transfer to the Building Fund to cover a debt service payment.

**Note 17 - 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 \$58,215 for services provided during fiscal year 2006. 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 2006. To obtain financial information write to the Lawrence County Joint Vocational School District, 11627 State Route 243, Chesapeake, OH 45619.

**The Pilasco-Ross Special Education Regional Resource Center** selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. Pilasco-Ross is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Shawnee State University, and the South Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2006, the School District paid \$36,904 to Pilasco-Ross. Dawson-Bryant Local School District serves as the fiscal agent for Pilasco-Ross. To obtain financial information write to the Dawson Bryant Local School District, 222 Lane Street, Coal Grove, Ohio 45638.

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**Note 18 - 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.

**Note 19 – 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 \$17,720 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 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 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

**Ironton City School District, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2006*

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, 2006, 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, 2005	\$4,409	(\$16,335)	\$575,973
Current Year Set-aside Requirement	0	237,156	237,156
Qualifying Disbursements	0	(89,207)	(188,935)
Total	<u>\$4,409</u>	<u>\$131,614</u>	<u>\$624,194</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$4,409</u>	<u>\$131,614</u>	<u>\$624,194</u>
Set-aside Reserve Balance as of June 30, 2006	<u>\$4,409</u>	<u>\$131,614</u>	<u>\$624,194</u>

**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, 2006.

***B. Litigation***

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

**Note 22 – Contractual Commitments**

The School District awarded a contract for the purchase of a 77 passenger school bus to Edwin H. Davis and Son on December 19, 2005, in the amount of \$77,610. However, due to availability of funding, the bus was not purchased until August 29, 2006. Contractual commitments outstanding at June 30, 2006 totaled \$77,610.

**Note 23 – Subsequent Events**

The School District approved a bond levy for \$15,000,000 for the construction of new school buildings. The levy was passed by voters in October, 2005.

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass-Through Entity's Number	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	\$	\$26,702	\$	\$26,702
Nutrition Cluster:						
School Breakfast Program	05PU-2005	10.553	17,842		17,842	
	05PU-2006		96,925		96,925	
Total School Breakfast Program			114,767	0	114,767	0
National School Lunch Program	LLP1 - 2006	10.555	5,290		5,290	
	LLP4 -2005		47,119		47,119	
	LLP4- 2006		234,965		234,965	
Total National School Lunch Program			287,374	0	287,374	0
Total Nutrition Cluster			402,141	0	402,141	0
Team Nutrition Grants	TWAD- 2005	10.574	(2,829)			
Total U.S. Department of Agriculture			#VALUE!	26,702	#VALUE!	26,702
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1S1 2005	84.010	91,438		139,236	
	C1S1 2006		625,992		584,596	
	C1SD 2005		2,256		1,984	
	C1SD 2006		27,549		23,119	
Total Title I Grants to Local Educational Agencies			747,235	0	748,935	0
Special Education_Grants to States	6BSF 2005	84.027	23,175		121,184	
	6BSF 2006		354,160		352,642	
Total Special Education_Grants to States			377,335	0	473,826	0
Safe and Drug Free Schools and Communities_State Grants	DRS1 2005	84.186	3,370		5,256	
	DRS1 2006		8,448		5,387	
Total Safe and Drug Free Schools and Communities_State Grants			11,818	0	10,643	0
State Grants for Innovative Programs	C2S1 2005	84.298	(2,014)			
	C2S1 2006		2,596		344	
Total State Grants for Innovative Programs			582	0	344	0
Education Technology State Grants	TJS1 2005	84.318	(3,520)			
	TJS1 2006		13,949		11,797	
Total Education Technology State Grants			10,429	0	11,797	0
School Renovation Grants	44-149-3&4	84.352A	155,614		152,447	
Improving Teacher Quality State Grants	TRS1-2005	84.367	8,855		25,312	
	TRS1 2006		174,347		136,354	
Total Improving Teacher Quality State Grants			183,202	0	161,666	0
Hurricane Education Recovery	HR01- 2006	84.938	41,073		7,718	
Total U.S. Department of Education			1,527,288	0	1,567,376	0
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
State Children's Insurance Program	N/A	93.767	3,718		3,718	
Medical Assistance Program	N/A	93.778	56,429		56,429	
<i>Passed through Tri County Career Center</i>						
Medical Assistance Program	N/A	93.778	1,196		1,196	
Total U.S. Department of Health and Human Services			61,343	0	61,343	0
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$1,987,943</b>	<b>\$26,702</b>	<b>\$2,030,860</b>	<b>\$26,702</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, 2006**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity 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 market value of the commodities received.

**NOTE D – NEGATIVE RECEIPTS**

Grant funds that are transferred from one grant year to the next are shown on the Schedule as negative receipts. The State Grants for Innovative Programs, CFDA #84.298, carried over from 2005 to the next program year \$2,014 resulting in a negative receipt of \$2,014 on the Schedule. Education Technology State Grants, CFDA #84.318, also carried over from 2005 to the next program year \$3,520, resulting in a negative receipt of \$3,520 on the Schedule.

Monies that are refunded back to the Ohio Department of Education are shown on the Schedule as negative receipts. The Team Nutrition Grant, CFDA #10.574, had to repay the State \$2,829 due to a remaining balance in that fund after the period of availability had expired. This resulted in a negative receipt of \$2,829 on the Schedule.





# 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 Ironton City School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2006, which collectively comprise the School District's basic financial statements and have issued our report thereon dated May 10, 2007. 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 to determine our auditing procedures to express our opinions on the basic financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School District's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2006-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered material weaknesses. We consider reportable condition 2006-001 listed above to be a material weakness. In a separate letter to the School District's management dated May 10, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

### **Compliance and Other Matters**

As part of reasonably assuring whether the School District's basic 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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item number 2006-002. In a separate letter to the School District's management dated May 10, 2007, we reported other matters related to noncompliance we deemed immaterial.

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

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

**Mary Taylor, CPA**  
Auditor of State

May 10, 2007



# 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 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 its major federal program for the year ended June 30, 2006. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the School District's major federal program. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its 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 its major federal program for the year ended June 30, 2006.

#### Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated May 10, 2007.

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

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

**Mary Taylor, CPA**  
Auditor of State

May 10, 2007

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions 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
<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>	Yes

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Material Weakness**

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record, and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principals apply) document compliance with finance related legal and contractual requirements and prepare financial statements.

Testing of the Ironton High School Athletic receipts revealed the following:

- Ticket accountability forms were completed for varsity football and varsity boys' basketball. Tickets were not handed out at any other athletic event; therefore, there were no ticket accountability forms or supporting documentation for money collected. Furthermore, ticket accountability forms were not reviewed and signed by the Athletic Secretary and Athletic Director nor were they provided to the School District Treasurer for her review.
- The football and basketball season ticket sales sheets did not contain the date in which the monies were collected or the amount collected.
- Complimentary football and basketball season tickets were determined by the Athletic Director. There was no Board approval of a list of individuals who received complimentary tickets.
- Completeness could not be reasonably assured due to the lack of supporting documentation for the following: athletic event gate receipts for 9<sup>th</sup> grade and junior varsity football and basketball, girl's basketball, volleyball, baseball, softball or track; expense reimbursements from other school districts; commission from Coca-Cola; listing of season passes sold to students and for spring athletic events; receipts from OHSAA; and monies received from contracts with other school districts.
- Duplicate deposit tickets showing the Athletic Secretary's deposits with the bank were not maintained and attached to the deposit report provided to the School District Treasurer for August and September 2005.

As a result of lack of supporting documentation, receipts of \$24,145.58 could not be substantiated. This lack of documentation also made it difficult to assure completeness and determine whether the proper amounts of revenues were received.

As a result, we make the following recommendations:

- We recommend tickets be handed out for all athletic events in which monies are collected for entrance into the event. All tickets remaining should be maintained. Ticket accountability forms should be completed for all athletic events and reviewed and signed by the Athletic Secretary and Athletic Director. Furthermore, the School District Treasurer should be provided copies of the ticket accountability forms. The School District Treasurer should review and sign the forms.
- We recommend football and basketball season ticket sales sheets include the date when monies are collected along with the amount collected.
- We recommend the Board approve a list of individuals who are to receive complimentary football and basketball season tickets along with the number of tickets each individual is to receive. Board approval should be included in the minute record.

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2006-001 (Continued)**

**Material Weakness (Continued)**

- We recommend the Athletic Secretary and Athletic Director maintain copies of all checks and supporting documentation for the following: expense reimbursements from other school districts; commission from Coca-Cola; receipts from OHSAA; monies received from contracts with other school districts; as well as for all other monies received. Furthermore, we recommend a listing of all passes sold to students and passes sold for spring athletic events be maintained along with the date monies are collected and the amount collected.
- We recommend all duplicate deposit tickets be maintained and attached to the monthly deposit report provided to the School District Treasurer.

**Official's Response:**

All five aforementioned recommendations have been implemented as part of the Ironton City School's Athletic policies and procedures.

**FINDING NUMBER 2006-002**

**Finding for Recovery – Repaid Under Audit**

The Ironton High School Athletic Secretary maintained ticket accountability forms and season ticket sales sheets for boys' varsity football and basketball. For the ticket accountability forms, the School District had deposit amounts less than what should have been collected. The School District could not account for the following:

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2006  
(Continued)**

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

**FINDING NUMBER 2006-002 (Continued)**

**Finding for Recovery – Repaid Under Audit (Continued)**

Number of Tickets Sold	Price of Tickets	Total Amount Sold
<u>August 26, 2005 football game:</u>		
2323	\$5	\$11,615
834	\$4	3,336
566	\$3	1,698
	subtotal	\$16,649
	deposit amount	16,547
	shortage	(\$102)
 <u>January 7, 2006 basketball game:</u>		
1083	\$5	\$5,415
584	\$3	1,752
	subtotal	\$7,167
	deposit amount	7,152
	shortage	(\$15)
 <u>January 24, 2006 basketball game:</u>		
215	\$5	\$1,075
214	\$3	642
	subtotal	\$1,717
	deposit amount	1,625
	shortage	(\$92)
 <u>February 3, 2006 basketball game:</u>		
226	\$5	\$1,130
155	\$3	465
	subtotal	\$1,595
	deposit amount	1,545
	shortage	(\$50)

The shortages amount to a total of \$259.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, we hereby issue a Finding for Recovery for public money due but not collected against Debbie Filkins, Athletic Secretary, and Travelers Casualty and Surety Company of America, her bonding company, jointly and severally, in the amount of \$259, in favor of the Athletic Fund. This Finding was repaid on May 8, 2007 on receipt number 19238.

**Officials' Response:**

We did not receive a response from Officials to this finding.



**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
*OMB CIRCULAR A -133 § .505*  
JUNE 30, 2006  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Ohio Rev. Code Section 135.18 – failure to obtain security equal to the funds on deposit	Yes	
2005-002	Ohio Rev. Code Section 5705.41 (B) – expenditures exceeded appropriations	No	Partially Corrected. See management letter.



**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  
MAY 29, 2007**