

RIDGEDALE LOCAL SCHOOL DISTRICT

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

CIUNI & PANICHI
INC.
CERTIFIED PUBLIC ACCOUNTANTS
AND BUSINESS CONSULTING FIRM

RIDGEDALE LOCAL SCHOOL DISTRICT

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Board of Education
Ridgedale Local School District

We have reviewed the independent auditor's report of the Ridgedale Local School District, Marion County, prepared by Ciuni & Panichi, Inc. for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ridgedale Local School District is responsible for compliance with these laws and regulations.



JIM PETRO
Auditor of State

January 6, 2000

Report of Independent Accountants

Board of Education
Ridgedale Local School District
3105 Hillman-Ford Road
Morral, Ohio 43337

We have audited the accompanying general-purpose financial statements of the Ridgedale Local School District as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Ridgedale Local School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ridgedale Local School District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 1999 on our consideration of the Ridgedale Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Ciuni & Panichi, Inc.

Cleveland, Ohio
October 8, 1999

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RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 1999

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$ 2,458,359	\$ 139,885	\$ 109,251
Cash and Cash Equivalents with Fiscal Agent	-	277	-
Receivables:			
Property Taxes	2,268,667	-	-
Accounts	9,035	1,390	-
Intergovernmental	733	4,601	-
Accrued Interest	26	-	-
Prepaid Items	46,095	860	-
Inventory Held for Resale	-	-	-
Materials and Supplies Inventory	17,213	1,365	-
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	67,592	-	-
Fixed Assets (net, where applicable, of accumulated depreciation)	-	-	-
<u>Other Debits:</u>			
Amount to be Provided from General Governmental Resources	-	-	-
Total Assets and Other Debits	\$ <u>4,867,720</u>	\$ <u>148,378</u>	\$ <u>109,251</u>

See accompanying Notes to the General Purpose Financial Statements

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$ 46,808	\$ 37,645	\$ -	\$ -	\$ 2,791,948
-	-	-	-	277
-	-	-	-	2,268,667
517	-	-	-	10,942
7,631	-	-	-	12,965
-	-	-	-	26
1,591	-	-	-	48,546
7,428	-	-	-	7,428
1,005	-	-	-	19,583
-	-	-	-	67,592
9,911	-	7,181,117	-	7,191,028
-	-	-	1,117,064	1,117,064
<u>\$ 74,891</u>	<u>\$ 37,645</u>	<u>\$ 7,181,117</u>	<u>\$ 1,117,064</u>	<u>\$ 13,536,066</u>

(continued)

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS (CONT.)

JUNE 30, 1999

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>Liabilities, Fund Equity, and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$ 9,747	\$ 676	\$ 2,734
Contracts Payable	-	-	100,542
Retainage Payable	-	-	8,743
Accrued Wages and Benefits	473,707	12,602	-
Compensated Absences Payable	20,433	-	-
Intergovernmental Payable	107,386	458	10
Deferred Revenue	1,654,968	-	-
Due to Students	-	-	-
Energy Conservation Loan Payable	-	-	-
Capital Leases Payable	-	-	-
Total Liabilities	<u>2,266,241</u>	<u>13,736</u>	<u>112,029</u>
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	-	-	-
Contributed Capital	-	-	-
Retained Earnings:			
Unreserved (Deficit)	-	-	-
Fund Balance:			
Reserved for Property Taxes	613,699	-	-
Reserved for Inventory	17,213	1,365	-
Reserved for Budget Stabilization	67,592	-	-
Reserved for Contributions	-	-	-
Reserved for Encumbrances	34,455	335	149
Unreserved (Deficit)	<u>1,868,520</u>	<u>132,942</u>	<u>(2,927)</u>
Total Fund Equity (Deficit) and Other Credits	<u>2,601,479</u>	<u>134,642</u>	<u>(2,778)</u>
Total Liabilities, Fund Equity, and Other Credits	\$ <u>4,867,720</u>	\$ <u>148,378</u>	\$ <u>109,251</u>

See accompanying Notes to the General Purpose Financial Statements

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$ -	\$ -	\$ -	\$ -	\$ 13,157
-	-	-	-	100,542
-	-	-	-	8,743
13,963	-	-	-	500,272
9,771	-	-	382,932	413,136
14,138	500	-	46,028	168,520
5,348	-	-	-	1,660,316
-	16,111	-	-	16,111
-	-	-	120,000	120,000
-	-	-	568,104	568,104
<u>43,220</u>	<u>16,611</u>	<u>-</u>	<u>1,117,064</u>	<u>3,568,901</u>
-	-	7,181,117	-	7,181,117
32,640	-	-	-	32,640
(969)	-	-	-	(969)
-	-	-	-	613,699
-	-	-	-	18,578
-	-	-	-	67,592
-	13,477	-	-	13,477
-	-	-	-	34,939
-	7,557	-	-	2,006,092
<u>31,671</u>	<u>21,034</u>	<u>7,181,117</u>	<u>-</u>	<u>9,967,165</u>
\$ <u>74,891</u>	\$ <u>37,645</u>	\$ <u>7,181,117</u>	\$ <u>1,117,064</u>	\$ <u>13,536,066</u>

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Revenues:</u>				
Property Taxes	\$ 2,207,647	\$ -	\$ -	\$ -
Intergovernmental	2,716,451	139,376	-	107,392
Interest	147,127	5,247	-	-
Tuition and Fees	583,351	-	-	-
Extracurricular Activities	4,585	218,232	-	-
Gifts and Donations	-	5,371	-	-
Miscellaneous	20,114	500	-	-
Total Revenues	<u>5,679,275</u>	<u>368,726</u>	<u>-</u>	<u>107,392</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,642,948	97,037	-	8,807
Special	255,524	92,129	-	-
Vocational	207,628	430	-	-
Other	1,413	-	-	-
Support Services:				
Pupils	125,307	22,257	-	-
Instructional Staff	200,863	12,150	-	3,423
Board of Education	9,979	-	-	-
Administration	703,722	24,720	-	316
Fiscal	182,115	2,360	-	-
Business	22,334	-	-	-
Operation and Maintenance				
of Plant	623,855	1,375	-	-
Pupil Transportation	329,618	250	-	-
Extracurricular Activities	92,943	114,055	-	-
Capital Outlay	134,656	-	-	231,978
Debt Service:				
Principal Retirement	90,610	-	-	-
Interest and Fiscal Charges	38,431	-	-	-
Total Expenditures	<u>5,661,946</u>	<u>366,763</u>	<u>-</u>	<u>244,524</u>
Excess of Revenues Over (Under)				
Expenditures	<u>17,329</u>	<u>1,963</u>	<u>-</u>	<u>(137,132)</u>

See accompanying Notes to the General Purpose Financial Statements

Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
\$ -	\$ 2,207,647
-	2,963,219
133	152,507
-	583,351
-	222,817
570	5,941
-	20,614
<u>703</u>	<u>6,156,096</u>
500	2,749,292
-	347,653
-	208,058
-	1,413
-	147,564
-	216,436
-	9,979
-	728,758
-	184,475
-	22,334
-	625,230
-	329,868
-	206,998
-	366,634
-	90,610
-	38,431
<u>500</u>	<u>6,273,733</u>
<u>203</u>	<u>(117,637)</u>

(continued)

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONTINUED)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<u>Other Financing Sources (Uses):</u>				
Inception of Capital Lease	106,469	-	-	-
Operating Transfers In	-	-	-	87,971
Operating Transfers Out	<u>(87,971)</u>	-	-	-
Total Other Financing Sources (Uses)	<u>18,498</u>	<u>-</u>	<u>-</u>	<u>87,971</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	35,827	1,963	-	(49,161)
Fund Balances at Beginning of Year	2,486,202	132,655	87,971	46,383
Residual Equity Transfers In (Out)	87,971	-	(87,971)	-
Increase (Decrease) in Reserve for Inventory	<u>(8,521)</u>	<u>24</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit) at End of Year	\$ <u>2,601,479</u>	\$ <u>134,642</u>	\$ <u>-</u>	\$ <u>(2,778)</u>

See accompanying Notes to the General Purpose Financial Statements

<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
-	106,469
-	87,971
-	<u>(87,971)</u>
-	<u>106,469</u>
203	(11,168)
2,603	2,755,814
-	-
<u>-</u>	<u>(8,497)</u>
\$ <u>2,806</u>	\$ <u>2,736,149</u>

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues:</u>			
Property Taxes	\$ 1,958,550	\$ 2,136,244	\$ 177,694
Intergovernmental	2,570,168	2,706,546	136,378
Interest	164,357	147,182	(17,175)
Tuition and Fees	522,077	582,706	60,629
Extracurricular Activities	-	-	-
Gifts and Donations	-	-	-
Miscellaneous	14,666	19,119	4,453
Total Revenues	5,229,818	5,591,797	361,979
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	2,654,125	2,635,953	18,172
Special	264,669	259,944	4,725
Vocational	213,595	210,589	3,006
Other	7,267	2,794	4,473
<u>Support Services:</u>			
Pupils	135,962	126,978	8,984
Instructional Staff	206,856	199,258	7,598
Board of Education	11,232	10,166	1,066
Administration	719,494	707,907	11,587
Fiscal	198,768	182,965	15,803
Business	22,631	22,352	279
Operation and Maintenance of Plant	663,273	650,355	12,918
Pupil Transportation	418,439	417,107	1,332
Extracurricular Activities	99,330	93,888	5,442
Capital Outlay	34,000	34,000	-
<u>Debt Service:</u>			
Principal Retirement	35,000	35,000	-
Interest and Fiscal Charges	7,563	7,563	-
Total Expenditures	5,692,204	5,596,819	95,385
Excess of Revenues Over (Under) Expenditures	(462,386)	(5,022)	457,364

(continued)

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>General Fund</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	158	158	-
Advances In	50	-	(50)
Advances Out	(50)	-	50
Operating Transfers In	26,522	115,971	89,449
Operating Transfers Out	(87,971)	(87,971)	-
Total Other Financing Sources (Uses)	<u>(61,291)</u>	<u>28,158</u>	<u>89,449</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(523,677)	23,136	546,813
Fund Balances at Beginning of Year	2,441,841	2,441,841	-
Prior Year Encumbrances Appropriated	<u>21,713</u>	<u>21,713</u>	-
Fund Balances (Deficit) at End of Year	<u>\$ 1,939,877</u>	<u>\$ 2,486,690</u>	<u>\$ 546,813</u>

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$ -	\$ -	\$ -
Intergovernmental	126,352	157,303	30,951
Interest	4,237	5,247	1,010
Tuition and Fees	-	-	-
Extracurricular Activities	175,040	220,890	45,850
Gifts and Donations	5,843	5,371	(472)
Miscellaneous	500	500	-
Total Revenues	311,972	389,311	77,339
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	105,752	97,199	8,553
Special	126,637	101,105	25,532
Vocational	500	430	70
Other	-	-	-
Support Services:			
Pupils	23,266	22,254	1,012
Instructional Staff	18,417	12,247	6,170
Board of Education	-	-	-
Administration	26,248	24,637	1,611
Fiscal	2,361	2,360	1
Business	-	-	-
Operation and Maintenance of Plant	1,375	1,375	-
Pupil Transportation	-	-	-
Extracurricular Activities	115,633	114,104	1,529
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	420,189	375,711	44,478
Excess of Revenues Over (Under) Expenditures	(108,217)	13,600	121,817

(continued)

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Special Revenue Funds</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	-	-	-
Advances In	-	-	-
Advances Out	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(108,217)	13,600	121,817
Fund Balances at Beginning of Year	120,479	120,479	-
Prior Year Encumbrances Appropriated	<u>5,322</u>	<u>5,322</u>	<u>-</u>
Fund Balances (Deficit) at End of Year	\$ <u>17,584</u>	\$ <u>139,401</u>	\$ <u>121,817</u>

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Debt Service Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues:</u>			
Property Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Interest	-	-	-
Tuition and Fees	-	-	-
Extracurricular Activities	-	-	-
Gifts and Donations	-	-	-
Miscellaneous	-	-	-
Total Revenues	-	-	-
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	-	-	-
Special	-	-	-
Vocational	-	-	-
Other	-	-	-
Support Services:			
Pupils	-	-	-
Instructional Staff	-	-	-
Board of Education	-	-	-
Administration	-	-	-
Fiscal	-	-	-
Business	-	-	-
Operation and Maintenance of Plant	-	-	-
Pupil Transportation	-	-	-
Extracurricular Activities	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-

(continued)

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Debt Service Fund</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	-	-	-
Advances In	-	-	-
Advances Out	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	(115,971)	(115,971)	-
Total Other Financing Sources (Uses)	<u>(115,971)</u>	<u>(115,971)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(115,971)	(115,971)	-
Fund Balances at Beginning of Year	115,971	115,971	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit) at End of Year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Capital Projects Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$ -	\$ -	\$ -
Intergovernmental	116,191	113,957	(2,234)
Interest	-	-	-
Tuition and Fees	-	-	-
Extracurricular Activities	-	-	-
Gifts and Donations	-	-	-
Miscellaneous	-	-	-
Total Revenues	116,191	113,957	(2,234)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	141,246	122,616	18,630
Special	-	-	-
Vocational	-	-	-
Other	-	-	-
Support Services:			
Pupils	-	-	-
Instructional Staff	3,412	3,412	-
Board of Education	-	-	-
Administration	316	316	-
Fiscal	-	-	-
Business	-	-	-
Operation and Maintenance of Plant	-	-	-
Pupil Transportation	-	-	-
Extracurricular Activities	-	-	-
Capital Outlay	75,870	42,335	33,535
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	220,844	168,679	52,165
Excess of Revenues Over (Under) Expenditures	(104,653)	(54,722)	49,931

(continued)

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Capital Projects Fund</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	-	-	-
Advances In	-	-	-
Advances Out	-	-	-
Operating Transfers In	-	87,971	87,971
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>87,971</u>	<u>87,971</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(104,653)	33,249	137,902
Fund Balances at Beginning of Year	39,818	39,818	-
Prior Year Encumbrances Appropriated	<u>33,535</u>	<u>33,535</u>	<u>-</u>
Fund Balances (Deficit) at End of Year	\$ <u>(31,300)</u>	\$ <u>106,602</u>	\$ <u>137,902</u>

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Expendable Trust Funds		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues:</u>			
Property Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Interest	119	133	14
Tuition and Fees	-	-	-
Extracurricular Activities	-	-	-
Gifts and Donations	501	570	69
Miscellaneous	-	-	-
Total Revenues	620	703	83
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	500	500	-
Special	-	-	-
Vocational	-	-	-
Other	-	-	-
Support Services:			
Pupils	-	-	-
Instructional Staff	-	-	-
Board of Education	-	-	-
Administration	-	-	-
Fiscal	-	-	-
Business	-	-	-
Operation and Maintenance of Plant	-	-	-
Pupil Transportation	-	-	-
Extracurricular Activities	-	-	-
Capital Outlay	-	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest and Fiscal Charges	-	-	-
Total Expenditures	500	500	-
Excess of Revenues Over (Under) Expenditures	120	203	83

(continued)

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -- BUDGET (NON-GAAP BASIS) AND ACTUAL -- ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Expendable Trust Funds</u>		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	-	-	-
Advances In	-	-	-
Advances Out	-	-	-
Operating Transfers In	-	-	-
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	120	203	83
Fund Balances at Beginning of Year	2,603	2,603	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (Deficit) at End of Year	\$ <u>2,723</u>	\$ <u>2,806</u>	\$ <u>83</u>

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$ 1,958,550	\$ 2,136,244	\$ 177,694
Intergovernmental	2,812,711	2,977,806	165,095
Interest	168,713	152,562	(16,151)
Tuition and Fees	522,077	582,706	60,629
Extracurricular Activities	175,040	220,890	45,850
Gifts and Donations	6,344	5,941	(403)
Miscellaneous	<u>15,166</u>	<u>19,619</u>	<u>4,453</u>
Total Revenues	<u>5,658,601</u>	<u>6,095,768</u>	<u>437,167</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	2,901,623	2,856,268	45,355
Special	391,306	361,049	30,257
Vocational	214,095	211,019	3,076
Other	7,267	2,794	4,473
Support Services:			
Pupils	159,228	149,232	9,996
Instructional Staff	228,685	214,917	13,768
Board of Education	11,232	10,166	1,066
Administration	746,058	732,860	13,198
Fiscal	201,129	185,325	15,804
Business	22,631	22,352	279
Operation and Maintenance of Plant	664,648	651,730	12,918
Pupil Transportation	418,439	417,107	1,332
Extracurricular Activities	214,963	207,992	6,971
Capital Outlay	109,870	76,335	33,535
Debt Service:			
Principal Retirement	35,000	35,000	-
Interest and Fiscal Charges	<u>7,563</u>	<u>7,563</u>	<u>-</u>
Total Expenditures	<u>6,333,737</u>	<u>6,141,709</u>	<u>192,028</u>
Excess of Revenues Over (Under) Expenditures	<u>(675,136)</u>	<u>(45,941)</u>	<u>629,195</u>

(continued)

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Totals (Memorandum Only)</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	158	158	-
Advances In	50	-	(50)
Advances Out	(50)	-	50
Operating Transfers In	26,522	203,942	177,420
Operating Transfers Out	<u>(203,942)</u>	<u>(203,942)</u>	
Total Other Financing Sources (Uses)	<u>(177,262)</u>	<u>158</u>	<u>177,420</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(852,398)	(45,783)	806,615
Fund Balances at Beginning of Year	2,720,712	2,720,712	-
Prior Year Encumbrances Appropriated	<u>60,570</u>	<u>60,570</u>	-
Fund Balances (Deficit) at End of Year	\$ <u>1,928,884</u>	\$ <u>2,735,499</u>	\$ <u>806,615</u>

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY – PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
<u>Operating Revenues:</u>			
Sales	\$ 189,588	\$ -	\$ 189,588
Interest	-	892	892
Contributions and Donations	-	500	500
Other Operating Revenues	<u>231</u>	<u>-</u>	<u>231</u>
Total Operating Revenues	<u>189,819</u>	<u>1,392</u>	<u>191,211</u>
<u>Operating Expenses:</u>			
Salaries	84,437	-	84,437
Fringe Benefits	38,278	-	38,278
Purchased Services	3,307	-	3,307
Materials and Supplies	2,794	-	2,794
Cost of Sales	140,780	-	140,780
Depreciation	666	-	666
Other Operating Expenses	<u>1,588</u>	<u>620</u>	<u>2,208</u>
Total Operating Expenses	<u>271,850</u>	<u>620</u>	<u>272,470</u>
Operating Income (Loss)	<u>(82,031)</u>	<u>772</u>	<u>(81,259)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	24,284	-	24,284
Operating Grants	59,456	-	59,456
Interest	<u>892</u>	<u>-</u>	<u>892</u>
Total Non-Operating Revenues	<u>84,632</u>	<u>-</u>	<u>84,632</u>
Net Income	2,601	772	3,373
Retained Earnings (Deficit)/Fund Balance at Beginning of Year	<u>(3,570)</u>	<u>17,456</u>	<u>13,886</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	(969)	18,228	17,259
Contributed Capital at Beginning and End of Year	<u>32,640</u>	<u>-</u>	<u>32,640</u>
Total Fund Equity at End of Year	\$ <u>31,671</u>	\$ <u>18,228</u>	\$ <u>49,899</u>

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Enterprise Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues:</u>			
Sales	\$ 188,469	\$ 189,220	\$ 751
Interest	27	892	865
Contributions and Donations	-	-	-
Other Revenues	207	231	24
Operating Grants	<u>71,297</u>	<u>58,906</u>	<u>(12,391)</u>
Total Revenues	<u>260,000</u>	<u>249,249</u>	<u>(10,751)</u>
<u>Expenses:</u>			
Salaries	86,700	86,603	97
Fringe Benefits	36,876	36,876	-
Purchased Services	3,307	3,307	-
Materials and Supplies	119,584	117,548	2,036
Capital Outlay	4,500	2,447	2,053
Other Expenses	<u>1,600</u>	<u>1,570</u>	<u>30</u>
Total Expenses	<u>252,567</u>	<u>248,351</u>	<u>4,216</u>
Excess of Revenues Over Expenses	7,433	898	(6,535)
Fund Balances at Beginning of Year	<u>45,910</u>	<u>45,910</u>	<u>-</u>
Fund Balances at End of Year	\$ <u>53,343</u>	\$ <u>46,808</u>	\$ <u>(6,535)</u>

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Non-Expendable Trust Funds		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Sales	\$ -	\$ -	\$ -
Interest	546	892	346
Contributions and Donations	529	500	(29)
Other Revenues	-	-	-
Operating Grants	-	-	-
Total Revenues	1,075	1,392	317
Expenses:			
Salaries	-	-	-
Fringe Benefits	-	-	-
Purchased Services	-	-	-
Materials and Supplies	-	-	-
Capital Outlay	-	-	-
Other Expenses	370	120	250
Total Expenses	370	120	250
Excess of Revenues Over Expenses	705	1,272	567
Fund Balances at Beginning of Year	17,456	17,456	-
Fund Balances at End of Year	\$ 18,161	\$ 18,728	\$ 567

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES – BUDGET (NON-GAAP BASIS) AND ACTUAL – PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ 188,469	\$ 189,220	\$ 751
Interest	573	1,784	1,211
Contributions and Donations	529	500	(29)
Other Revenues	207	231	24
Operating Grants	71,297	58,906	(12,391)
Total Revenues	261,075	250,641	(10,434)
<u>Expenses:</u>			
Salaries	86,700	86,603	97
Fringe Benefits	36,876	36,876	-
Purchased Services	3,307	3,307	-
Materials and Supplies	119,584	117,548	2,036
Capital Outlay	4,500	2,447	2,053
Other Expenses	1,970	1,690	280
Total Expenses	252,937	248,471	4,466
Excess of Revenues Over Expenses	8,138	2,170	(5,968)
Fund Balances at Beginning of Year	63,366	63,366	-
Fund Balances at End of Year	\$ 71,504	\$ 65,536	\$ (5,968)

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$ 189,220	\$ -	\$ 189,220
Cash Received from Contributions and Donations	-	500	500
Cash Received from Other Revenues	231	-	231
Cash Payments for Salaries	(86,603)	-	(86,603)
Cash Payments for Fringe Benefits	(36,876)	-	(36,876)
Cash Payments to Suppliers for Goods and Services	(121,307)	-	(121,307)
Cash Payments for Other Expenses	(1,570)	(120)	(1,690)
Net Cash Provided by (Used for) Operating Activities	<u>(56,905)</u>	<u>380</u>	<u>(56,525)</u>
<u>Cash Flows from Non-Capital Financing Activities:</u>			
Cash Received from Operating Grants	<u>58,906</u>	<u>-</u>	<u>58,906</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Cash Payments for Fixed Assets	<u>(1,995)</u>	<u>-</u>	<u>(1,995)</u>
<u>Cash Flows from Investing Activities:</u>			
Cash Received from Interest	<u>892</u>	<u>892</u>	<u>1,784</u>
Net Increase in Cash and Cash Equivalents	898	1,272	2,170
Cash and Cash Equivalents at Beginning of Year	<u>45,910</u>	<u>17,456</u>	<u>63,366</u>
Cash and Cash Equivalents at End of Year	\$ <u>46,808</u>	\$ <u>18,728</u>	\$ <u>65,536</u>

(continued)

See accompanying Notes to the General Purpose Financial Statements

RIDGEDALE LOCAL SCHOOL DISTRICT

COMBINED STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUNDS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	\$ (82,031)	\$ 772	\$ (81,259)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Depreciation	666	-	666
Donated Commodities Used During Year	24,284	-	24,284
Interest Reported as Operating Income	-	(892)	(892)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(368)	-	(368)
Increase in Prepaid Items	(81)	-	(81)
Decrease in Inventory Held for Resale	1,326	-	1,326
Increase in Materials and Supplies Inventory	(36)	-	(36)
Decrease in Accrued Wages and Benefits	(1,353)	-	(1,353)
Decrease in Compensated Absences Payable	(681)	-	(681)
Increase in Intergovernmental Payable	1,369	500	1,869
Net Cash Provided by (Used for) Operating Activities	\$ <u>(56,905)</u>	\$ <u>380</u>	\$ <u>(56,525)</u>

Reconciliation of Non-Expendable Trust Funds Cash and Cash Equivalents to Balance Sheet:

All Fiduciary Fund Types	\$ 37,645
Less Agency Funds	(16,111)
Less Expendable Trust Funds	(2,806)
Cash and Cash Equivalents-Non-Expendable Trust Funds	\$ <u>18,728</u>

See accompanying Notes to the General Purpose Financial Statements

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RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1957. The School District serves an area of approximately one hundred twenty-five square miles. It is located in Crawford, Marion, and Wyandot Counties. The School District is the 517th largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by fifty classified employees, seventy-one certified teaching personnel, and six administrative employees who provide services to 1,079 students and other community members. The School District currently operates two elementary schools, a junior high/high school, and an administration building.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' 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. There are no component units of the Ridgedale Local School District.

The School District is associated with two jointly governed organizations and an insurance pool. These organizations are the Tri-Rivers Educational Computer Association (TRECA), Tri-Rivers Joint Vocational School, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

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

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

Governmental Fund Types

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

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

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

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

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. BASIS OF PRESENTATION - FUND ACCOUNTING (CONTINUED)

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

Proprietary Fund Type

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

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

Fiduciary Fund Types

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

Account Groups

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

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

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

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The proprietary fund type and non-expendable trust funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: grants, interest, tuition, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

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

C. BUDGETARY PROCESS

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function in the General Fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education. Budgetary modifications at the function and object level within all funds, except the General Fund, are made by the School District Treasurer.

The Early Childhood Preschool special revenue fund is a flow through grant in which the North Central Ohio Educational Service Center is the primary recipient. Budgetary information for this fund is not included within the School District's reporting entity for which the "appropriated budget" is adopted.

Tax Budget

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

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

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETARY PROCESS (CONTINUED)

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate of estimated resources issued during fiscal year 1999.

Appropriations

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

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

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BUDGETARY PROCESS (CONTINUED)

Encumbrances

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

Lapsing of Appropriations

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

D. CASH AND INVESTMENTS

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

Cash and cash equivalents held for the School District by the North Central Ohio Educational Service Center are included on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 1999, investments were limited to non-negotiable certificates of deposit and STAR Ohio. Non-negotiable certificates of deposit are reported at cost. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 1999.

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 1999 amounted to \$147,127, which includes \$11,319 assigned from other School District funds.

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

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

F. INVENTORY

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

G. RESTRICTED ASSETS

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to create a reserve for budget stabilization.

H. FIXED ASSETS AND DEPRECIATION

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

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

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

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. COMPENSATED ABSENCES

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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 all employees after ten years of service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

J. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments for these obligations made more than sixty days after fiscal year end are considered not to have used current available financial resources. Long-term loans and capital leases are reported as liabilities in the general long-term obligations account group until due.

Long-term debt and other obligations financed by the proprietary fund are reported as liabilities in the fund.

K. CONTRIBUTED CAPITAL

Contributed capital represents resources from other funds, other governments, and private sources provided to the proprietary fund that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at fiscal year end.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. CONTRIBUTED CAPITAL (CONTINUED)

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to the proprietary fund have been classified as retained earnings.

L. FUND BALANCE RESERVES

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

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. The reserve for contributions signifies legal restrictions on the use of principal in the non-expendable trust funds.

M. INTERGOVERNMENTAL REVENUES

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

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. INTERGOVERNMENTAL REVENUES (CONTINUED)

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Allocation

Non-Reimbursable Grants

Special Revenue Funds

- James Coffey Grant
- Professional Development
- Education Management Information Systems
- Eisenhower
- Title VI-B
- Title I
- Title VI
- Drug Free
- Early Childhood Preschool
- School to Work

Capital Projects Funds

- SchoolNet Plus
- Technology Equity
- Textbook/Instructional Materials
- State Emergency Repair Program

Reimbursable Grants

General Fund

- Driver Education

Proprietary Fund

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 48 percent of the revenues of the School District's governmental fund types during the 1999 fiscal year.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. INTERFUND TRANSACTIONS

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

Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. ESTIMATES

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

P. TOTAL COLUMNS ON GENERAL PURPOSE FINANCIAL STATEMENTS

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - CORRECTION OF AN ERROR

Capital leases in the general long-term obligations account group were understated in the prior year due to items improperly recorded. Total liabilities in the general long-term obligations account group increased \$82,909, from \$988,818 to \$1,071,727 as of June 30, 1998.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 4 – ACCOUNTABILITY AND COMPLIANCE

A. ACCOUNTABILITY

The following funds had deficit fund balances/retained earnings for the fiscal year ended June 30, 1999.

<u>Fund Type/Fund</u>	<u>Deficit Fund Balance</u>
Special Revenue Fund:	
EMIS	\$ 28
Capital Projects Fund:	
Emergency Repair	109,285
Enterprise Fund:	
Food Service	969

The deficits in the special revenue and capital projects funds were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Food Service enterprise fund had deficit retained earnings as a result of accumulated operating losses from prior years.

B. COMPLIANCE

The Title VI-B special revenue fund and the Emergency Repair capital projects fund had appropriations in excess of estimated resources plus available balances, in the amount of \$35,552 and \$31,300, respectively, for the fiscal year ended June 30, 1999.

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and the expendable trust funds and as note disclosure in the proprietary fund type and non-expendable trust funds (GAAP basis).
4. For the proprietary fund, the acquisition and construction of fixed assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Although not part of the appropriated budget, the Early Childhood Preschool special revenue fund is included as part of the reporting entity when preparing financial statements that conform with GAAP.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$ 35,827	\$ 1,963	\$ -	\$ (49,161)
<u>Increase (Decrease) Due To:</u>				
Revenue Accruals:				
Accrued fiscal year 1998, received in cash fiscal year 1999	574,167	20,228	-	6,565
Accrued fiscal year 1999, not yet received in cash	(623,582)	(5,991)	-	-
Expenditure Accruals:				
Accrued fiscal year 1998, paid in cash fiscal year 1999	(625,400)	(15,567)	(28,000)	(35,535)
Accrued fiscal year 1999, not yet paid in cash	611,273	13,736	-	112,029
Prepaid Items	2,052	(8)	-	-
Residual Equity Transfer	87,971	-	(87,971)	-
Excess of Revenues Over Expenditures for Non-budgeted Fund	-	(277)	-	-
Encumbrances Outstanding at Year End (Budget Basis)	<u>(39,172)</u>	<u>(484)</u>	<u>-</u>	<u>(2,649)</u>
Budget Basis	\$ <u>23,136</u>	\$ <u>13,600</u>	\$ <u>(115,971)</u>	\$ <u>33,249</u>

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

Net Income/Excess of Revenues Over Expenses Proprietary Fund Type and Non-Expendable Trust Funds

	<u>Proprietary Fund Type</u>	<u>Non-Expendable Trust</u>
	<u>Enterprise</u>	
GAAP Basis	\$ 2,601	\$ 772
<u>Increase (Decrease) Due To:</u>		
Revenue Accruals:		
Accrued fiscal year 1998, received in cash fiscal year 1999	7,230	-
Accrued fiscal year 1999, not yet received in cash	(8,148)	-
Expense Accruals:		
Accrued fiscal year 1998, paid in cash fiscal year 1999	(38,537)	-
Accrued fiscal year 1999, not yet paid in cash	37,872	500
Prepaid Items	(81)	-
Inventory Held for Resale	1,326	-
Materials and Supply Inventory	(36)	-
Acquisition of Fixed Assets	(1,995)	-
Depreciation Expense	<u>666</u>	<u>-</u>
Budget Basis	\$ <u>898</u>	\$ <u>1,272</u>

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

1. United States Treasury 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

At fiscal year end, the School District had \$1,555 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

At fiscal year end, the School District had \$277 in cash and cash equivalents held by the North Central Ohio Educational Service Center. This amount is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent". The Educational Service Center holds this flow through grant money for the School District together with that of other school districts and therefore the School District cannot classify this money by risk under GASB Statement No. 3.

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

At fiscal year end, the carrying amount of the School District's deposits was \$359,098 and the bank balance was \$589,880. Of the bank balance, \$200,000 was covered by federal depository insurance and \$389,880 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or the School District's agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investment in STAR Ohio is unclassified since it is not evidenced by securities that exist in physical or book entry form. At June 30, 1999, the fair value of funds on deposit with STAR Ohio was \$2,498,887.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 6 - DEPOSITS AND INVESTMENTS (CONTINUED)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ <u>Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 2,859,817	\$ -
Cash on hand	(1,555)	-
Cash and cash equivalents with Educational Service Center	(277)	-
Investments:		
STAROhio	<u>(2,498,887)</u>	<u>2,498,887</u>
GASB Statement No. 3	<u>\$ 359,098</u>	<u>\$ 2,498,887</u>

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. All property is required to be revalued every six years. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Public utility property taxes, attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current fiscal year. Tangible personal property assessments are 25 percent of true 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.

Tangible personal property taxes paid 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.

The School District receives property taxes from Crawford, Marion, and Wyandot Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 7 - PROPERTY TAXES (CONTINUED)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$613,699 in the General Fund. The amount available as an advance at June 30, 1998, was \$542,296 in the General Fund.

The assessed values upon which the fiscal year 1999 taxes were collected are:

	<u>1998 Second- Half Collections</u>		<u>1999 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential	\$ 47,096,760	71.60%	\$ 58,215,910	75.30%
Industrial/Commercial	4,482,290	6.81	4,638,610	6.00
Public Utility	8,082,380	12.29	8,766,880	11.34
Tangible Personal	<u>6,120,640</u>	<u>9.30</u>	<u>5,692,360</u>	<u>7.36</u>
Total Assessed Value	\$ <u>65,782,070</u>	\$ <u>100.00%</u>	\$ <u>77,313,760</u>	\$ <u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 49.65		\$ 48.10	

The School District had a decrease in the tax rate due to the expiration of a 1.8 mill permanent improvement levy.

NOTE 8 - RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, accounts (student fees and billings for user charged services), intergovernmental grants, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. Accounts receivable at June 30 were \$10,942.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 8 – RECEIVABLES (CONTINUED)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
General Fund:	
Marion Technical College	\$ <u>733</u>
Special Revenue Funds:	
Title VI-B	1,775
Title I	<u>2,826</u>
Total Special Revenue Funds	<u>4,601</u>
Enterprise Fund:	
Food Service	
National School Lunch Program	<u>7,631</u>
Total Intergovernmental Receivables	\$ <u>12,965</u>

NOTE 9 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$ 138,306
Less Accumulated Depreciation	<u>(128,395)</u>
Net Fixed Assets	\$ <u>9,911</u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

<u>Asset Category</u>	<u>Balance at</u> <u>6/30/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>6/30/99</u>
Land and Improvements	\$ 643,948	\$ 77,392	\$ 812	\$ 720,528
Buildings and Improvements	3,514,378	35,747	-	3,550,125
Furniture, Fixtures, and Equipment	1,452,837	185,501	43,851	1,594,487
Books	396,516	-	-	396,516
Vehicles	<u>868,803</u>	<u>121,885</u>	<u>71,227</u>	<u>919,461</u>
Total	\$ <u>6,876,482</u>	\$ <u>420,525</u>	\$ <u>115,890</u>	\$ <u>7,181,117</u>

NOTE 10 - RISK MANAGEMENT

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 1999, the School District contracted for the following insurance coverages.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 10 - RISK MANAGEMENT (CONTINUED)

Coverages provided by Nationwide Insurance are as follows:

Automobile Liability - umbrella policy	\$ 2,000,000
General Liability	
Per Occurrence	1,000,000
Total per Year	5,000,000
Employee Benefits Liability	500,000

Coverages provided by Indiana Insurance are as follows

Uninsured Motorists	1,000,000
Medical Payments - per person	5,000
Building and Contents/Boiler and Machinery (\$500 deductible)	14,660,210
Inland Marine Coverage (\$100 deductible)	361,630
Bodily Injury	\$ 1,000,000
School Buses - hired and unowned liability	1,000,000
(\$100 deductible comprehensive)	
(\$250 deductible collision)	
Public Employee Dishonesty Bond	10,000

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 last year.

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. 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 participants is calculated as one experience and a common premium rate is applied to all participants 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 participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. STATE TEACHERS RETIREMENT SYSTEM

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$172,112, \$290,927, and \$276,130, respectively; 82.59 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$29,973, is recorded as a liability within the respective funds.

B. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 7.7 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$59,330, \$60,933, and \$62,359, respectively; 40.92 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$35,049, is recorded as a liability within the respective funds and the general long-term obligations account group.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 11 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

C. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 1999, all of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POST-EMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified 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 obligation 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 1999, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$229,482 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998 (the latest information available). For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000, and STRS had 91,999 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. 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 1999, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$63,526 for fiscal year 1999.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 12 – POST-EMPLOYMENT BENEFITS (CONTINUED)

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 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575, and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 13 - EMPLOYEE BENEFITS

A. COMPENSATED ABSENCES

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred fifteen days for school personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of forty-nine days for classified employees and fifty days for certified employees.

B. HEALTH CARE BENEFITS

The School District offered health insurance to most employees through Healthfirst HMO. The employees shared the cost of the monthly premium with the Board. The premium varies with each employee depending on marital and family status.

Dental insurance was offered through Coresource and life insurance was offered through National Term Life Insurance Company. Dental and life insurance were paid entirely by the Board.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	<u>Restated Balance at 6/30/98</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/99</u>
Energy Conservation Loan – fiscal year 93 – 5.50%	\$ 155,000	\$ -	\$ 35,000	\$ 120,000
Compensated Absences Payable	351,597	31,335	-	382,932
Intergovernmental Payable	47,885	46,028	47,885	46,028
Capital Leases Payable	<u>517,245</u>	<u>106,469</u>	<u>55,610</u>	<u>568,104</u>
Total General Long-term Obligations	\$ <u>1,071,727</u>	\$ <u>183,832</u>	\$ <u>138,495</u>	\$ <u>1,117,064</u>

Energy Conservation Loan - On September 1, 1992, the School District obtained a loan, in the amount of \$331,000, to provide energy conservation measures for the School District. The loan was obtained under the authority of Ohio Revised Code Section 133.06 for a ten year period, with final maturity in fiscal year 2003. The loan is being retired through the General Fund.

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the General Fund.

The School District's overall debt margin was \$6,958,238 with an unvoted debt margin of \$77,314 at June 30, 1999.

Principal and interest requirements to retire the energy conservation loan at June 30, 1999, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 30,000	\$ 5,775	\$ 35,775
2001	30,000	4,125	34,125
2002	30,000	2,475	32,475
2003	<u>30,000</u>	<u>825</u>	<u>30,825</u>
Total	\$ <u>120,000</u>	\$ <u>13,200</u>	\$ <u>133,200</u>

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 15 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases for vehicles. Each lease meets 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. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Lease" in the funds which will be making the lease payments. Capital lease payments are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group, in the amount of \$698,536. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 were \$55,610 in the governmental funds.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>GLTOAG</u>
2000	\$ 91,080
2001	91,080
2002	91,080
2003	91,080
2004	91,080
2005-2009	<u>254,139</u>
Total minimum lease payments	709,539
Less: amount representing interest	<u>(141,435)</u>
Present value of minimum lease payments	\$ <u>568,104</u>

NOTE 16 - RESERVATIONS OF FUND BALANCE

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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In addition, the School District is required to set aside money for budget stabilization.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 16 – RESERVATIONS OF FUND BALANCE (CONTINUED)

The following cash basis information identifies the changes in fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 1999.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>	<u>Total</u>
Balance June 30, 1998	\$ -	\$ -	\$ 28,950	\$ 28,950
Current Year Set Aside Requirement	77,284	77,284	38,642	193,210
Qualifying Expenditures	<u>(77,284)</u>	<u>(77,284)</u>	<u>-</u>	<u>(154,568)</u>
Balance June 30, 1999	\$ <u> </u>	\$ <u> </u>	\$ <u>67,592</u>	\$ <u>67,592</u>

Amounts of qualifying expenditures presented in the table were limited to those necessary to reduce the year end balance to zero. Although the School District may have had additional qualifying expenditures during the year, by rule, these amounts may not be used to reduce the set aside requirements of future years and are therefore not presented.

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS

A. TRI-RIVERS EDUCATIONAL COMPUTER ASSOCIATION

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Marion, Morrow, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of two representatives from each county, elected by majority vote of all charter member school districts within each county. Financial information can be obtained from Mike Carder, who serves as Director, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

B. TRI-RIVERS JOINT VOCATIONAL SCHOOL

The Tri-Rivers Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education. The JVS operates under the direction of a Board consisting of one representative from each of the ten participating school districts' Board of Education. The degree of control exercised by any participating school district is limited to its representation on the Board. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Terril Martin, who serves as Treasurer, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 18 – INSURANCE POOL

Ohio School Boards' Association Workers' Compensation Group Rating Plan - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as a group 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 GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 19 – SCHOOL FOUNDATION PROGRAM

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$2,460,369 of school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State Legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of these financial statements, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Court of Common Pleas declared unconstitutional.

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

NOTE 20 – YEAR 2000 ISSUE

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the School District's operations.

RIDGEDALE LOCAL SCHOOL DISTRICT

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONT.)

FOR THE FISCAL YEAR ENDED JUNE 30, 1999

NOTE 20 – YEAR 2000 ISSUE (CONTINUED)

The School District has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary to conducting School District operations. The School District has identified these systems as being financial reporting, payroll and employee benefits, and educational statistics reporting.

The School District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform School Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems and is solely responsible for any costs associated with this project.

The State processes a significant amount of financial and non-financial information about the School District through the State's Education Management and Information System (EMIS). Further the State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" and federal and state grant payments. The State is responsible for remediating these systems and is solely responsible for any costs associated with this project.

Crawford, Marion, and Wyandot Counties collect property taxes for distribution to the School District. The Counties are responsible for remediating the tax collection systems and are solely responsible for any costs associated with this project.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the School District is, or will be, year 2000 ready; that the School District's remediation efforts will be successful *in whole or in part; or that parties with whom the School District does business will be year 2000 ready.*

NOTE 21 - CONTINGENT LIABILITIES

A. GRANTS

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. LITIGATION

There are currently no matters in litigation with the School District as defendant.

**Report on Compliance and on Internal Control
Required by *Government Auditing Standards***

Board of Education
Ridgedale Local School District
3105 Hillman-Ford Road
Morral, Ohio 43337

We have audited the financial statements of the Ridgedale Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated October 8, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

This report is intended for the information of the Ridgedale Local School District's Board of Education, the Ridgedale Local School District's federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Ciuni & Panichi, Inc.

Cleveland, Ohio
October 8, 1999

RIDGEDALE LOCAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS

JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(j)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No

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

Not applicable.

3. FINDINGS

Not applicable.

RIDGEDALE LOCAL SCHOOL DISTRICT

SCHEDULE OF PRIOR AUDIT FINDINGS

JUNE 30, 1999

There were no prior audit findings.

