



**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Riverside Local School District
Logan County
200 West Moore Street
P.O. Box 190
DeGraff, Ohio 43318

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Riverside Local School District, Logan County, (the School District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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 Riverside Local School District, Logan County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund 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 November 28, 2000 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

November 28, 2000

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**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,961,962	\$162,435	\$82,634	\$3,327,394
Cash and Cash Equivalents:				
With Fiscal Agents		854		
Investments				
Receivables:				
Taxes	1,320,134	20,907	187,249	73,622
Accounts	1,612	1,510		
Intergovernmental		14,356		
Accrued Interest	7,166			16,753
Income Tax	127,476			
Materials and Supplies Inventory	9,105			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	87,530			
Fixed Assets				
Accumulated Depreciation				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	<u>\$3,514,985</u>	<u>\$200,062</u>	<u>\$269,883</u>	<u>\$3,417,769</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$37,633	\$3,286		
Accrued Wages and Benefits	399,581	14,093		
Compensated Absences Payable	751			
Intergovernmental Payable	70,384			
Deferred Revenue	1,257,429	19,887	\$170,647	\$68,129
Due to Students				
General Obligation Bonds Payable				
Total Liabilities	<u>1,765,778</u>	<u>37,266</u>	<u>170,647</u>	<u>68,129</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	77,004	21,450		168,683
Reserved for Inventory	9,105			
Reserved for Debt Service Principal			82,634	
Reserved for Trust Principal				
Reserved for Property Taxes	62,705	1,020	16,602	5,493
Reserved for Budget Stabilization	87,530			
Unreserved:				
Unreserved, Undesignated	1,512,863	140,326		3,175,464
Total Fund Equity and Other Credits	<u>1,749,207</u>	<u>162,796</u>	<u>99,236</u>	<u>3,349,640</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$3,514,985</u>	<u>\$200,062</u>	<u>\$269,883</u>	<u>\$3,417,769</u>

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

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$13,127	\$46,881			\$5,594,433
	29,227			854
				29,227
				1,601,912
25	455			3,602
5,976				20,332
71				23,990
				127,476
4,014				13,119
				87,530
24,949		\$2,945,265		2,970,214
(8,490)				(8,490)
			\$82,634	82,634
			3,213,556	3,213,556
<u>\$39,672</u>	<u>\$76,563</u>	<u>\$2,945,265</u>	<u>\$3,296,190</u>	<u>\$13,760,389</u>
\$204	\$1,811			\$42,934
13,582				427,256
6,051			\$386,005	392,807
11,665			27,669	109,718
1,923				1,518,015
	35,073			35,073
			2,882,516	2,882,516
<u>33,425</u>	<u>36,884</u>		<u>3,296,190</u>	<u>5,408,319</u>
		\$2,945,265		2,945,265
6,247				6,247
	12			267,149
				9,105
				82,634
	20,000			20,000
				85,820
				87,530
	19,667			4,848,320
6,247	39,679	2,945,265		8,352,070
<u>\$39,672</u>	<u>\$76,563</u>	<u>\$2,945,265</u>	<u>\$3,296,190</u>	<u>\$13,760,389</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
Intergovernmental	\$2,894,580	\$291,440
Interest	107,515	
Tuition and Fees	19,660	
Rent	3,026	
Extracurricular Activities		56,858
Gifts and Donations		3,665
Income Tax	409,013	
Property & Other Local Taxes	983,644	11,804
Miscellaneous	3,255	5,455
Total Revenues	4,420,693	369,222
Expenditures:		
Current:		
Instruction		
Regular	2,266,465	131,733
Special	418,161	86,976
Vocational	119,004	
Support services:		
Pupils	124,012	
Instructional Staff	152,638	11,247
Board of Education	9,715	
Administration	371,661	29
Fiscal	114,936	733
Business		13,033
Operation and Maintenance of Plant	320,237	
Pupil Transportation	191,164	
Central	744	
Non-Instructional Services	7,828	
Extracurricular activities	78,561	58,281
Capital Outlay	180,113	
Debt Service		
Principal Retirement		
Interest Charges		
Total Expenditures	4,355,239	302,032
Excess of Revenues Over (Under) Expenditures	65,454	67,190
Other Financing Sources and Uses		
Proceeds from Sale of Bonds		
Proceeds from Sale of Long-Term Notes		
Proceeds from Sale of Fixed Assets	535	
Refund of Prior Year Expenditures	8,450	
Other Financing Sources		
Operating Transfers Out	(3,500)	
Total Other Financing Sources (Uses)	5,485	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	70,939	67,190
Fund Balance at Beginning of Year	1,678,268	95,606
Fund Balance at End of Year	\$1,749,207	\$162,796

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

<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
\$10,693	\$515,365		\$3,712,078
33,296	99,911		240,722
			19,660
			3,026
		\$370	57,228
		8,680	12,345
			409,013
122,283	72,113		1,189,844
			8,710
<u>166,272</u>	<u>687,389</u>	<u>9,050</u>	<u>5,652,626</u>
	47,216		2,445,414
			505,137
			119,004
			124,012
			163,885
			9,715
			371,690
2,417	1,332		119,418
			13,033
	85,839		406,076
			191,164
		10,007	10,751
		3,000	10,828
			136,842
	266,417		446,530
2,882,000			2,882,000
65,887			65,887
<u>2,950,304</u>	<u>400,804</u>	<u>13,007</u>	<u>8,021,386</u>
<u>(2,784,032)</u>	<u>286,585</u>	<u>(3,957)</u>	<u>(2,368,760)</u>
2,881,817			2,881,817
	2,882,000		2,882,000
			535
			8,450
1,451			1,451
			(3,500)
<u>2,883,268</u>	<u>2,882,000</u>		<u>5,770,753</u>
99,236	3,168,585	(3,957)	3,401,993
	181,055	13,442	1,968,371
<u>\$99,236</u>	<u>\$3,349,640</u>	<u>\$9,485</u>	<u>\$5,370,364</u>

RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types		
	General		
	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Intergovernmental	\$2,998,000	\$2,894,385	(\$103,615)
Interest	95,000	104,594	9,594
Tuition and Fees	22,400	18,698	(3,702)
Rent	4,200	4,165	(35)
Extracurricular Activities			
Gifts and Donations			
Income Tax	405,000	403,844	(1,156)
Property & Other Local Taxes	1,000,000	973,926	(26,074)
Miscellaneous	2,800	3,322	522
Total Revenues	<u>4,527,400</u>	<u>4,402,934</u>	<u>(124,466)</u>
Expenditures:			
Current:			
Instruction:			
Regular	2,412,987	2,342,412	70,575
Special	457,819	416,325	41,494
Vocational	121,373	119,027	2,346
Other	3,000		3,000
Support services:			
Pupils	134,886	117,867	17,019
Instructional Staff	161,262	151,862	9,400
Board of Education	10,025	9,530	495
Administration	370,688	355,656	15,032
Fiscal	218,119	117,819	100,300
Business			
Operation and Maintenance of Plant	390,755	327,546	63,209
Pupil Transportation	259,314	230,381	28,933
Central	1,500	744	756
Non-Instructional Services	10,000	7,828	2,172
Extracurricular activities	81,528	78,363	3,165
Capital Outlay	231,113	180,112	51,001
Debt Service			
Principal Retirement			
Interest Charges			
Total Expenditures	<u>4,864,369</u>	<u>4,455,472</u>	<u>408,897</u>
Excess of Revenues Over (Under) Expenditures	<u>(336,969)</u>	<u>(52,538)</u>	<u>284,431</u>
Other Financing Sources and Uses			
Proceeds from Sale of Bonds			
Proceeds from Sale of Long-Term Notes			
Proceeds from Sale of Fixed Assets	1,000	535	(465)
Refund of Prior Year Expenditures	13,500	13,724	224
Other Financing Sources			
Operating Transfers Out	(3,500)	(3,500)	
Refund of Prior Year Receipts	(3,000)		3,000
Advances Out	(25,000)		25,000
Other Financing Uses	(121,500)		121,500
Total Other Financing Sources (Uses)	<u>(138,500)</u>	<u>10,759</u>	<u>149,259</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(475,469)	(41,779)	433,690
Fund Balances at Beginning of Year	1,940,193	1,940,193	
Prior Year Encumbrances Appropriated	47,540	47,540	
Fund Balance at end of Year	<u>\$1,512,264</u>	<u>\$1,945,954</u>	<u>\$433,690</u>

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

Governmental Fund Types

Special Revenue			Debt Service		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$297,168	\$271,083	(\$26,085)	\$14,000	\$10,693	(\$3,307)
			18,000	33,296	15,296
59,600	55,347	(4,253)			
8,500	3,665	(4,835)			
10,900	10,784	(116)	210,500	105,681	(104,819)
5,500	5,455	(45)			
<u>381,668</u>	<u>346,334</u>	<u>(35,334)</u>	<u>242,500</u>	<u>149,670</u>	<u>(92,830)</u>
202,863	172,384	30,479			
115,397	95,238	20,159			
5,292	5,287	5			
4,000	29	3,971			
1,625	733	892	3,500	2,417	1,083
25,323	14,488	10,835			
11,000		11,000			
97,080	71,229	25,851			
			3,056,500	2,882,000	174,500
			66,000	65,887	113
<u>462,580</u>	<u>359,388</u>	<u>103,192</u>	<u>3,126,000</u>	<u>2,950,304</u>	<u>175,696</u>
<u>(80,912)</u>	<u>(13,054)</u>	<u>67,858</u>	<u>(2,883,500)</u>	<u>(2,800,634)</u>	<u>82,866</u>
			2,882,000	2,881,817	(183)
100		(100)	1,500	1,451	(49)
<u>100</u>		<u>(100)</u>	<u>2,883,500</u>	<u>2,883,268</u>	<u>(232)</u>
(80,812)	(13,054)	67,758		82,634	82,634
84,387	84,387				
58,940	58,940				
<u>\$62,515</u>	<u>\$130,273</u>	<u>\$67,758</u>		<u>\$82,634</u>	<u>\$82,634</u>

(Continued)

RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>		
	<u>Capital Projects</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental	\$514,654	\$515,365	\$711
Interest	84,600	83,327	(1,273)
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations			
Income Tax			
Property & Other Local Taxes	73,000	71,240	(1,760)
Miscellaneous			
Total Revenues	<u>672,254</u>	<u>669,932</u>	<u>(2,322)</u>
Expenditures:			
Current:			
Instruction:			
Regular	51,794	50,827	967
Special			
Vocational			
Other			
Support services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal	1,800	1,332	468
Business			
Operation and Maintenance of Plant	87,984	85,839	2,145
Pupil Transportation			
Central			
Non-Instructional Services			
Extracurricular activities			
Capital Outlay	822,507	442,310	380,197
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	<u>964,085</u>	<u>580,308</u>	<u>383,777</u>
Excess of Revenues Over (Under) Expenditures	<u>(291,831)</u>	<u>89,624</u>	<u>381,455</u>
Other Financing Sources and Uses			
Proceeds from Sale of Bonds			
Proceeds from Sale of Long-Term Notes	2,882,000	2,882,000	
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Other Financing Sources			
Operating Transfers Out			
Refund of Prior Year Receipts			
Advances Out			
Other Financing Uses			
Total Other Financing Sources (Uses)	<u>2,882,000</u>	<u>2,882,000</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,590,169	2,971,624	381,455
Fund Balances at Beginning of Year	164,282	164,282	
Prior Year Encumbrances Appropriated	22,804	22,804	
Fund Balance at end of Year	<u>\$2,777,255</u>	<u>\$3,158,710</u>	<u>\$381,455</u>

Fiduciary Fund Type		
Expendable Trust		
Budget	Actual	Variance: Favorable (Unfavorable)
\$200	\$55	(\$145)
10,300	9,190	(1,110)
<u>10,500</u>	<u>9,245</u>	<u>(1,255)</u>
16,349	10,064	6,285
7,150	3,000	4,150
<u>23,499</u>	<u>13,064</u>	<u>10,435</u>
<u>(12,999)</u>	<u>(3,819)</u>	<u>9,180</u>
(12,999)	(3,819)	9,180
12,979	12,979	
20	20	
<u>\$9,180</u>	<u>\$9,180</u>	<u>\$9,180</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	
Operating Revenues:			
Sales	\$142,394		\$142,394
Contributions and Donations		\$1,403	1,403
Total Operating Revenues	<u>142,394</u>	<u>1,403</u>	<u>143,797</u>
Operating Expenses			
Salaries	70,008		70,008
Fringe Benefits	35,516		35,516
Purchased Services	6,687		6,687
Materials and Supplies	111,284		111,284
Depreciation	1,917		1,917
Other		1,000	1,000
Total Operating Expenses	<u>225,412</u>	<u>1,000</u>	<u>226,412</u>
Operating Income (Loss)	(83,018)	403	(82,615)
Non-Operating Revenues and Expenses			
Federal Donated Commodities	15,782		15,782
Interest	873		873
Federal and State Subsidies	50,557		50,557
Total Non-Operating Revenues and Expenses	<u>67,212</u>		<u>67,212</u>
Income (Loss) Before Operating Transfers	(15,806)	403	(15,403)
Operating Transfers-In	3,500		3,500
Net Income (Loss)	<u>(12,306)</u>	<u>403</u>	<u>(11,903)</u>
Retained Earnings/Fund Balances at Beginning of Year	18,553	29,791	48,344
Retained Earnings/Fund Balances at End of Year	<u>\$6,247</u>	<u>\$30,194</u>	<u>\$36,441</u>

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

RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Increase(Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$142,394		\$142,394
Other Cash Receipts		\$1,403	1,403
Cash Payments to Suppliers for Goods and Service	(96,940)		(96,940)
Cash Payments for Contract Services	(6,687)		(6,687)
Cash Payments for Employee Services	(67,435)		(67,435)
Cash Payments for Employee Benefits	(34,610)		(34,610)
Other Cash Payments		(1,000)	(1,000)
Net Cash Provided (Used) by Operating Activities	<u>(63,278)</u>	<u>403</u>	<u>(62,875)</u>
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	51,407		51,407
Transfers In	3,500		3,500
Net Cash Provided (Used) by Noncapital Financing Activities	<u>54,907</u>		<u>54,907</u>
Cash Flows from Investing Activities:			
Interest Received	853		853
Net Cash Provided (Used) by Investing Activities	<u>853</u>		<u>853</u>
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(1,827)		(1,827)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,827)</u>		<u>(1,827)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(9,345)	403	(8,942)
Cash and Cash Equivalents at Beginning of Year	22,472	29,791	52,263
Cash and Cash Equivalents at End of Year	<u>\$13,127</u>	<u>\$30,194</u>	<u>\$43,321</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	(\$83,018)	\$403	(\$82,615)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:			
Depreciation	1,917		1,917
Donated Commodities Used During the Year	15,782		15,782
Adjustments to Capital Outlay	480		480
(Increase) Decrease in Assets:			
Accounts Receivable	(25)		(25)
Material and Supplies Inventory	160		160
Increase (Decrease) in Liabilities:			
Compensated Absences Payable	1,966		1,966
Intergovernmental Payable	571		571
Deferred Revenue	(420)		(420)
Accrued Wages and Benefits	941		941
Accounts Payable	(1,632)		(1,632)
Total Adjustments	19,740	0	19,740
Net Cash Provided (Used) by Operating Activities	<u>(63,278)</u>	<u>\$403</u>	<u>(62,875)</u>

Net Cash Provided (Used) by Operating Activities

Reconciliation of Nonexpendable Trust Fund Cash Balance as of June 30, 2000:		
Cash and Cash Equivalents — Trust and Agency Funds		\$46,881
Investments - Trust and Agency Funds		29,227
Less: Expendable Trust Funds		(9,225)
Less: Agency Funds		(\$36,689)
Cash and Cash Equivalents — Nonexpendable Trust Funds		<u>\$30,194</u>

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

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**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Riverside 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 statute and/or federal guidelines.

The School District was established in 1960 through the consolidation of existing land areas and School Districts. The School District serves an area of approximately 62 square miles. It is located in Logan County, and includes the Villages of DeGraff and Quincy, the Townships of Miami and Pleasant, and portions of Harrison and Union Townships. The School District is the 558th largest in the State of Ohio (among 612 School Districts) in terms of enrollment. It is staffed by 29 non-certificated employees, 59 certificated full-time teaching personnel who provide services to 783 students and other community members. The School District currently operates two instructional buildings.

Reporting Entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with three jointly governed organizations and two public entity risk pools. These organizations include the Western Ohio Computer Organization, the Ohio Hi-Point Joint Vocational School District, the West Central Ohio Special Education Regional Resource Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Logan County Schools Benefit Plan Association. These organizations are presented in Notes 16 and 17 to the general - purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than 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.

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

Proprietary Fund Type:

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

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation - Fund Accounting (Continued)

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, nonexpendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable 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 the proprietary funds.

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

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.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., 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, 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus and Basis of Accounting (Continued)

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

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

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. 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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances-in and Advances-out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The Eisenhower and Drug Free Schools Special Revenue Funds are flow through grants in which the Logan County Educational Service Center is the primary recipient. Budgetary information for these funds 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgetary Process (Continued)

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts.

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. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Budgetary Process (Continued)

Lapsing of Appropriations:

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

D. Cash and Investments

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

During fiscal year 2000, investments were limited to certificates of deposit, and Star Ohio, which are reported at cost.

The School District allocates interest earnings to funds according to Ohio statutes. Interest revenue credited to the general fund during the fiscal year 2000 amounted to \$107,515, which includes \$10,752 assigned to 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 original maturities 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.

E. Inventory

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

F. Fixed Assets and Depreciation

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fixed Assets and Depreciation (Continued)

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

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of five to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

G. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Education Management Information Systems
Professional Development
Eisenhower Math and Science
Drug Free Schools
Ohio Reads
Summer School Intervention
Title I
Title VI
Title VI-B
Title VI-R
Raising the Bar
Miscellaneous State Grants
Miscellaneous Federal Grants

Capital Projects Funds

School Net
Emergency School Building Repair
Technology Equity
School Facilities

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Intergovernmental Revenues (Continued)

Reimbursable Grants

General Fund

Driver Education
Bus Purchase Allowance
Vocational Education Reimbursement

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 64 percent of the School District's operating revenue during the 2000 fiscal year.

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the 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.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for employees after 10 years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

I. 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 a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Long-term bonds are reported as liabilities in the general long-term obligation account group until due. Obligations financed by the enterprise funds are reported as liabilities in the appropriate fund.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or 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.

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

K. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

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 encumbrances, inventories of supplies and materials, debt service principal, property taxes, trust principal, and budget stabilization.

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

M. Estimates

The preparation of the 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 could differ from those estimates.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. 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 elimination's have not been made in the aggregation of this data.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2000, the Title I, and Technology Equity Funds had deficit fund balances of \$109 and \$2,236, which were created by the application of generally accepted accounting principles.

B. Compliance

The Treasurer did not certify all expenditures prior to the obligation being incurred which violates Ohio Rev. Code Section 5705.41(D).

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis). All Governmental Fund Types and 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).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	(\$41,779)	(\$13,054)	\$82,634	\$2,971,624	(\$3,819)
Revenue Accruals	17,759	22,887	16,602	17,457	(195)
Expenditure Accruals	(10,734)	32,624		10,821	12
Other Sources/Uses	(5,274)				
Encumbrances	110,967	24,733		168,683	45
GAAP Basis	<u>\$70,939</u>	<u>\$67,190</u>	<u>\$99,236</u>	<u>\$3,168,585</u>	<u>(\$3,957)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of the federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio);

Investments in stripped principal or interest obligations, reverse purchase 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 \$150 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 has \$854 in cash and cash equivalents held by the Logan County Educational Service Center which is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent." The Education 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 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$2,230,779 and the bank balance was \$2,340,096. Of the bank balance, \$202,500 covered by federal depository insurance and \$2,137,596 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 5 - DEPOSITS AND INVESTMENTS (CONTINUED)

Investments: The School District's investments are categorized below 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 or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which 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 investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 1	Carrying Value	Market Value
Star Ohio		\$3,480,261	\$3,480,261

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the combined Balance Sheet and the classifications of deposits presented above per GASB Statement No. 3 is as follows:

	<u>Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
Combined Balance Sheet	\$5,682,817	
Cash with Fiscal Agent	(854)	
Cash on Hand	(150)	
Certificate of Deposit	29,227	29,227
Star Ohio	(3,480,261)	3,480,261
Per GASB Statement 3	\$2,230,779	\$3,509,488

NOTE 6 - 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. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. 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. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. 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 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 6 - PROPERTY TAXES (CONTINUED)

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$62,705 in the General Fund, \$16,602 in the Debt Service Fund, \$5,493 in the Capital Projects Fund, and \$1,020 in the Special Revenue Fund.

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$37,065,800	85%	\$37,792,260	86%
Public Utility	4,214,060	10%	4,076,540	9%
Tangible Personal Property	2,428,140	5%	2,015,940	5%
Total Assessed Value	<u>\$43,708,000</u>	<u>100%</u>	<u>\$43,884,740</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$49.50		\$54.90	

NOTE 7 - INCOME TAX

The Riverside Local School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1995, and will continue for 5 years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 8 - RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, intergovernmental, accrued interest, income tax, and accounts receivable (rent, billings for user charged services, and student fees). 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 fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes	\$1,320,134
Accounts	1,612
Accrued Interest	7,166
Income Tax	127,476
Special Revenue Funds	
Taxes	20,907
Accounts	1,510
Intergovernmental	14,356
Debt Service Fund	
Taxes	187,249
Capital Projects Funds	
Taxes	73,622
Accrued Interest	16,753
Enterprise Funds	
Accounts	25
Intergovernmental	5,976
Accrued Interest	71
Agency Funds	
Accounts	455
Total Receivables	<u>\$1,777,312</u>

NOTE 9 - FIXED ASSETS

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

Furniture and Equipment	\$24,949
Less: Accumulated Depreciation	(8,490)
Net Fixed Assets	<u>\$16,459</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 9 - FIXED ASSETS (CONTINUED)

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

<u>Asset Category</u>	<u>Balance at 6/30/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/00</u>
Land and Improvements	\$124,076	\$180,118		\$304,194
Buildings and Improvements	1,243,725	161,005		1,404,730
Furniture and Equipment	860,136	98,203	\$85,616	872,723
Vehicles	363,618			363,618
Totals	<u>\$2,591,555</u>	<u>\$439,326</u>	<u>\$85,616</u>	<u>\$2,945,265</u>

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the SERS, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. For fiscal year 1999, the portion used to fund pension obligations was 7.7 percent. 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 contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$29,455, \$38,462, and \$42,983, respectively; 50 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$31,415 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system. The plan 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, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the STRS, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

B. State Teachers Retirement System (Continued)

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2000, were 9.3 percent of covered payroll for members and 14 percent for employers; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$148,994, \$134,857, and \$225,792, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$59,036 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account.

C. Social Security System

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

NOTE 11 - POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired 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 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$198,659 for fiscal year 2000.

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

For SERS, coverage is made available to service retirees with ten or more 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.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 11 - POSTEMPLOYMENT BENEFITS (CONTINUED)

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$57,224 for fiscal year 2000.

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

NOTE 12 - EMPLOYEE BENEFITS

Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for all personnel. Upon retirement, payment is made for 25 percent of accrued, but unused sick leave credit to a maximum of 50 days for all employees.

NOTE 13 - LONG-TERM OBLIGATIONS

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

	<u>Interest Rate</u>	<u>Principal Outstanding 06/30/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 06/30/00</u>
General Obligation Bonds					
2000 School Facilities Issue					
Serial and Term Bonds	4.6 - 5.75%		\$2,815,000		\$2,815,000
Capital Appreciation Bonds	12.55%		67,516		67,516
School Facilities Loan			2,882,000	\$2,882,000	
Pension Obligation		\$28,877		1,208	27,669
Compensated Absences		385,380	625		386,005
Total Long-Term Obligations		<u>\$414,257</u>	<u>\$5,765,141</u>	<u>\$2,883,208</u>	<u>\$3,296,190</u>

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

School Facilities Construction and Improvement General Obligation Bonds - On May 4, 2000, the School District issued \$2,881,817 in voted general obligation bonds for the purpose of constructing, renovating, and improving existing school facilities and related site development. The bond issue included serial, term, and capital appreciation bonds in the amount of \$1,130,000, \$1,685,000, and \$66,817, respectively. The bonds will be retired with a voted property tax levy from the debt service fund.

The Capital Appreciation Bonds will mature in fiscal years 2011 and 2012. The maturity amount of the bonds is \$290,040. For fiscal year 2000, \$698 was accreted for a total bond value of \$67,516.

Interest on the Serial and Term Bonds will bear interest, payable on June 1 and December 1 of each year, beginning December 1, 2000 until maturity or earlier redemption. The Capital Appreciation bonds will accrue interest, compounded semiannually on June 1 and December 1, from the date of their issuance, but the interest will be payable only at maturity.

Mandatory Sinking Fund Redemption

The Term Bonds maturing on December 1, 2022 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Principal Amount To be Redeemed</u>
2013	\$145,000
2014	155,000
2015	165,000
2016	170,000
2017	180,000
2018	190,000
2019	205,000
2020	155,000
2021	165,000

The remaining principal amount of such Current Interest Bonds (\$155,000) will mature at stated maturity on December 1, 2022.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 13 - LONG-TERM OBLIGATIONS (CONTINUED)

Option Redemption

The Serial Bonds maturing after December 1, 2010 are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any interest payment due on or after December 1, 2010, at redemption prices equal to the following percentages of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

<u>Redemption Period</u>	<u>Redemption Price</u>
December 1, 2010 through November 30, 2011	101%
December 1, 2011 and thereafter	100

During fiscal year 2000, the School District issued bond anticipation notes in the amount of \$2,882,000 which were paid off with proceeds from the general obligation bonds in the amount of \$2,881,817.

Amortization of the above debt, including interest, is scheduled as follows:

Year ending June 30:	Total Debt Obligation
2001	\$ 164,832
2002	235,198
2003	245,892
2004	241,168
2005	241,272
Subsequent 5 years	1,197,525
Subsequent 5 years	1,201,743
Subsequent 5 years	1,183,125
Subsequent 3 years	515,969
Total	<u><u>\$ 5,226,724</u></u>

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$1,067,627 with an unvoted debt margin of \$43,885 at June 30, 2000.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 14 – ENTERPRISE FUND SEGMENT INFORMATION

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

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$136,948	\$5,446	\$142,394
Operating Expenses less Depreciation	215,883	7,612	223,495
Depreciation Expense	1,917		1,917
Operating Loss	(80,852)	(2,166)	(83,018)
Donated Commodities	15,782		15,782
Grants	50,557		50,557
Interest	873		873
Transfer In		3,500	3,500
Net Income (Loss)	(13,640)	1,334	(12,306)
Net Working Capital	(13,931)	3,719	(10,212)
Total Assets	35,953	3,719	39,672
Total Liabilities	33,425		33,425
Total Equity	\$2,528	\$3,719	\$6,247

NOTE 15 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District maintains comprehensive commercial insurance coverage for real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are fully insured. Settled claims resulting from these risks have not exceeded the commercial coverage in any of the past three fiscal years.

The District's comprehensive commercial insurance coverage for real property, and building contents has a liability limit of \$8,887,632 and a 90 percent coinsurance.

The District's fleet insurance has a liability limit of \$1,000,000, \$5,000 for medical payments, \$100,000 for fire damage, and \$1,000,000 for uninsured motorists. The policy includes a \$500 deductible for collision coverage.

The District's liability policy has a limit of \$1,000,000 for each occurrence and \$1,000,000 aggregate.

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 15 - RISK MANAGEMENT (CONTINUED)

The Riverside Local School District participates in the Logan County Schools Benefit Plan Association (The Plan); a public entity shared risk pool consisting of one joint vocational school, one educational service center and the Riverside Local School District. The District pays monthly premiums for employee life insurance and dental and medical benefits. The Plan is responsible for all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

Western Ohio Computer Organization – The School District is a participant in the Western Ohio Computer Organization (WOCO), which is a computer consortium. WOCO is an association of various public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, Shelby, and Miami 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. Each of the governments of these districts supports WOCO based upon a per pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14, the School District does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest. WOCO is governed by a board of directors consisting of the superintendents of the member school districts and the degree of control is limited to the representation on the board. Financial information can be obtained from Sharon Waldsmith, who serves as the fiscal agent, at 129 East Court Street, 4th Floor, Sidney, Ohio 45365.

Ohio Hi-Point Joint Vocational School District - The Ohio Hi-Point Joint Vocational School District is a district political subdivision of the State of Ohio, which possesses its own budgeting and taxing authority. The Vocational School is governed by a board of education that consists of a representative from each participating school district and its degree of control is limited to its representation on that board. To obtain financial information write to the Ohio Hi-Point Joint Vocational School District, R. Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311-9594.

West Central Ohio Special Education Regional Resource Center - The West Central Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget, and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding, and improving special education programs and services for children with disabilities and their parents. The SERRC is governed by a board of 52 members made up of the 50 superintendents of the participating districts, one non-public school, and Wright State University whose terms rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Krista Hart, Treasurer, at the Hardin County Educational Service Center, 1211 West Lima Street, Kenton, Ohio 43326-2385.

NOTE 17 - PUBLIC ENTITY RISK POOLS

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 17 - PUBLIC ENTITY RISK POOLS

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

Logan County Schools Benefit Plan Association - The Riverside Local School District participates in the Logan County Schools Benefit Plan Association (The Plan); a public entity shared risk pool consisting of one joint vocational school, one educational service center and the Riverside Local School District. The District pays monthly premiums for employee life insurance and dental and medical benefits. The Plan is responsible for all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 18 - CONTINGENCIES

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES (CONTINUED)

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1999			\$54,528	
Current Year Set-aside Requirement	\$99,006	\$99,006	33,002	
Current Year Offsets		(82,024)		
Qualifying Disbursements	(106,650)	(201,305)		
Total	<u>(\$7,644)</u>	<u>(\$184,323)</u>	<u>\$87,530</u>	
Cash Balance Carried Forward to FY 2001			<u>\$87,530</u>	
Amount restricted for Budget Stabilization				<u>\$87,530</u>
Total Restricted Assets				<u>\$87,530</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTE 20 – STATE SCHOOL FOUNDATION DECISION/SUBSEQUENT EVENT

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$2,743,643 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had received a total of \$2,282,000 under this program.

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

**RIVERSIDE LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(CONTINUED)**

NOTE 20 – STATE SCHOOL FOUNDATION DECISION/SUBSEQUENT EVENT (CONTINUED)

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

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

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Riverside Local School District
Logan County
200 West Moore Street
P.O. Box 190
DeGraff, Ohio 43318

To the Board of Education:

We have audited the financial statements of the Riverside Local School District, Logan County, (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated November 28, 2000. 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 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-10246-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated November 28, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated November 28, 2000.

Riverside Local School District
Logan County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Governmental Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

November 28, 2000

RIVERSIDE LOCAL SCHOOL DISTRICT
LOGAN COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2000

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

Finding Number	2000-10246-001
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Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states that no order or contract involving the expenditure of money is to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$1,000 for school districts may be paid by the fiscal officer without such certificate of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Twelve percent of the transactions tested were not certified by the Treasurer prior to making orders for the expenditure of District funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented not only to assure compliance with this requirement, but to help prevent the unauthorized obligation of District funds.



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OFFICE OF THE AUDITOR

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RIVERSIDE LOCAL SCHOOL DISTRICT

LOGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 19, 2000**