



**RIVERSIDE LOCAL SCHOOL DISTRICT  
LOGAN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**



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

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**STATE OF OHIO**



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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 District), as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the 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, 1999, and the results of its operations and cash flows of its proprietary fund type and non-expendable 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 January 31, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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

**JIM PETRO**  
Auditor of State

January 31, 2000



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**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
FOR THE YEAR ENDED JUNE 30, 1999**

	<b>Governmental Fund Types</b>		
	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>
<b>Assets and Other Debits:</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,925,776	\$150,756	\$187,087
<b>Cash and Cash Equivalents:</b>			
With Fiscal Agents	0	1,749	0
<b>Investments:</b>			
Investments	0	0	0
<b>Receivables:</b>			
Taxes	1,559,196	0	76,671
Accounts	11,180	0	169
Interfund Receivable	6,264	0	0
Materials and Supplies Inventory	11,845	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	54,528	0	0
Fixed Assets	0	0	0
Accumulated Depreciation	0	0	0
<b>Other Debits:</b>			
Provided from General Government Resources	0	0	0
<b>Total Assets and Other Debits</b>	<u>\$3,568,789</u>	<u>\$152,505</u>	<u>\$263,927</u>
<b>Liabilities:</b>			
Accounts Payable	\$35,490	\$36,177	\$10,821
Accrued Wages and Benefits	406,206	14,458	0
Compensated Absences Payable	1,806	0	0
Interfund Payable	0	6,264	0
Intergovernmental Payable	63,117	0	0
Deferred Revenue	1,383,902	0	72,051
Due to Students	0	0	0
<b>Total Liabilities</b>	<u>1,890,521</u>	<u>56,899</u>	<u>82,872</u>
<b>Fund Equity and Other Credits:</b>			
Investment in General Fixed Assets	0	0	0
Retained Earnings:			
Unreserved	0	0	0
Fund Balances:			
Reserved:			
Reserved for Encumbrances	15,834	26,242	12,909
Reserved for Inventory	11,845	0	0
Reserved for Contributions	0	0	0
Reserved for Property Taxes	52,987	0	4,620
Reserved for Budget Stabilization	54,528	0	0
Unreserved:			
Unreserved, Undesignated	1,543,074	69,364	163,526
<b>Total Fund Equity and Other Credits</b>	<u>1,678,268</u>	<u>95,606</u>	<u>181,055</u>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<u>\$3,568,789</u>	<u>\$152,505</u>	<u>\$263,927</u>

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



<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Asset Account Group</u>	<u>General Long-Term Debt Account Group</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$22,472	\$44,096	\$0	\$0	\$2,330,187
0	0	0	0	1,749
0	29,225	0	0	29,225
0	0	0	0	1,635,867
6,877	510	0	0	18,736
0	0	0	0	6,264
4,174	0	0	0	16,019
0	0	0	0	54,528
23,603	0	2,591,555	0	2,615,158
(4,905)	0	0	0	(4,905)
0	0	0	414,257	414,257
<u>\$52,221</u>	<u>\$73,831</u>	<u>\$2,591,555</u>	<u>\$414,257</u>	<u>\$7,117,085</u>
\$1,836	\$900	\$0	\$0	\$85,224
12,641	0	0	0	433,305
4,085	0	0	385,380	391,271
				6,264
11,094	0	0	28,877	103,088
2,343	0	0	0	1,458,296
0	29,699	0	0	29,699
<u>31,999</u>	<u>30,599</u>	<u>0</u>	<u>414,257</u>	<u>2,507,147</u>
0	0	2,591,555	0	2,591,555
20,222	0	0	0	20,222
0	0	0	0	54,985
0	0	0	0	11,845
0	20,000	0	0	20,000
0	0	0	0	57,607
0	0	0	0	54,528
0	23,232	0	0	1,799,196
<u>20,222</u>	<u>43,232</u>	<u>2,591,555</u>	<u>0</u>	<u>4,609,938</u>
<u>\$52,221</u>	<u>\$73,831</u>	<u>\$2,591,555</u>	<u>\$414,257</u>	<u>\$7,117,085</u>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUNDS AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Revenues:					
Intergovernmental	\$2,834,770	\$302,749	\$257,640	\$0	\$3,395,159
Interest	83,398	0	1,505	0	84,903
Tuition and Fees	12,401	0	0	0	12,401
Rent	2,294	0	0	0	2,294
Extracurricular Activities	0	40,546	0	80	40,626
Gifts and Donations	0	10,444	0	9,767	20,211
Income Tax	526,873	0	0	0	526,873
Property & Other Local Taxes	874,696	0	73,571	0	948,267
Miscellaneous	730	50,275	0	0	51,005
Total Revenues	<u>4,335,162</u>	<u>404,014</u>	<u>332,716</u>	<u>9,847</u>	<u>5,081,739</u>
Expenditures:					
Current:					
Instruction:					
Regular	2,234,355	200,032	52,185	0	2,486,572
Special	394,187	95,592	0	0	489,779
Vocational	112,205	0	0	0	112,205
Other					0
Support Services					
Pupils	68,352	0	0	0	68,352
Instructional Staff	99,542	13,543	0	0	113,085
Board of Education	8,010	0	0	0	8,010
Administration	306,893	7,673	0	0	314,566
Fiscal	91,155	327	1,370	0	92,852
Business	0	11,318	0	0	11,318
Operation and Maintenance of Plant	299,768	0	316,123	0	615,891
Pupil Transportation	173,830	0	0	0	173,830
Central	772	0	0	4,357	5,129
Non-Instructional Services	20,093	0	0	2,255	22,348
Extracurricular activities	74,593	80,227	0	0	154,820
Capital Outlay	547	0	50,398	0	50,945
Total Expenditures	<u>3,884,302</u>	<u>408,712</u>	<u>420,076</u>	<u>6,612</u>	<u>4,719,702</u>
Excess of Revenues Over (Under) Expenditures	<u>450,860</u>	<u>(4,698)</u>	<u>(87,360)</u>	<u>3,235</u>	<u>362,037</u>
Other Financing Sources and Uses					
Proceeds from Sale of Fixed Assets	553	0	0	0	553
Total Other Financing Sources (Uses)	<u>553</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>553</u>
Excess of Rev and Other over Exp and Other...	451,413	(4,698)	(87,360)	3,235	362,590
Fund Balance at Beginning of Year	1,226,855	100,304	268,415	10,207	1,605,781
<b>Fund Balance at End of Year</b>	<b><u>\$1,678,268</u></b>	<b><u>\$95,606</u></b>	<b><u>\$181,055</u></b>	<b><u>\$13,442</u></b>	<b><u>\$1,968,371</u></b>

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

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**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET-ACTUAL (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE YEAR ENDED JUNE 30, 1999**

	General			Special Revenue		
	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Intergovernmental	\$2,834,751	\$2,834,751	\$0	\$295,613	\$295,613	\$0
Interest	85,206	82,850	(2,356)	0	0	0
Tuition and Fees	15,813	15,813	0	0	0	0
Rent	1,155	1,155	0	0	0	0
Extracurricular Activities	0	0	0	45,453	40,546	(4,907)
Gifts and Donations	0	0	0	10,444	10,444	0
Income Tax	404,566	404,566	0	0	0	0
Property & Other Local Taxes	1,011,726	1,011,726	0	0	0	0
Miscellaneous	2,765	2,765	0	50,275	50,275	0
<b>Total Revenues</b>	<u>4,355,982</u>	<u>4,353,626</u>	<u>(2,356)</u>	<u>401,785</u>	<u>396,878</u>	<u>(4,907)</u>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	2,220,315	2,172,615	47,700	252,548	240,944	11,604
Special	407,703	397,506	10,197	111,578	91,597	19,981
Vocational	114,038	111,569	2,469	0	0	0
Other	5,000	5,000	5,000	0	0	0
<b>Support Services:</b>						
Pupils	87,174	69,999	17,175	0	0	0
Instructional Staff	106,646	97,899	8,747	8,446	8,440	6
Board of Education	7,800	7,593	207	0	0	0
Administration	328,433	314,590	13,843	7,672	7,672	0
Fiscal	169,192	108,676	60,516	650	325	325
Business	0	0	0	19,323	12,054	7,269
Operation and Maintenance of Plant	338,393	304,683	33,710	11,000	0	11,000
Pupil Transportation	241,843	169,503	72,340	0	0	0
Central	1,000	772	228	0	0	0
Non-Instructional Services	23,000	20,093	2,907	0	0	0
Extracurricular activities	79,975	74,770	5,205	125,243	94,358	30,885
Capital Outlay	2,000	547	1,453	0	0	0
<b>Total Expenditures</b>	<u>4,132,512</u>	<u>3,850,816</u>	<u>281,696</u>	<u>536,460</u>	<u>455,390</u>	<u>81,070</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>223,470</u>	<u>502,810</u>	<u>279,340</u>	<u>(134,675)</u>	<u>(58,512)</u>	<u>76,163</u>
<b>Other Financing Sources and Uses</b>						
Proceeds from Sale of Fixed Assets	553	553	0	0	0	0
Refund of Prior Year Expenditures	1,191	1,191	0	0	30	30
Refund of Prior Year Receipts	(100)	0	100	0	0	0
Advances Out	(25,000)	0	25,000	0	0	0
Other Financing Uses	(54,078)	0	54,078	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<u>(77,434)</u>	<u>1,744</u>	<u>79,178</u>	<u>0</u>	<u>30</u>	<u>30</u>
<b>Excess of Rev and Other over Exp and Other</b>	<u>146,036</u>	<u>504,554</u>	<u>358,518</u>	<u>(134,675)</u>	<u>(58,482)</u>	<u>76,193</u>
<b>Fund Balances at Beginning of Year</b>	1,384,469	1,384,469	0	80,771	80,771	0
Prior Year Encumbrances Appropriated	43,741	43,741	0	69,527	69,527	0
<b>Fund Balance at end of Year</b>	<u><b>\$1,574,246</b></u>	<u><b>\$1,932,764</b></u>	<u><b>\$358,518</b></u>	<u><b>\$15,623</b></u>	<u><b>\$91,816</b></u>	<u><b>\$76,193</b></u>

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

Capital Projects			Expendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)	Budget	Actual	Variance: Favorable (Unfavorable)
\$275,441	\$257,640	(\$17,801)	0	0	\$0	\$3,405,805	\$3,388,004	(\$17,801)
1,416	1,416	0	0	0	0	86,622	84,266	(2,356)
0	0	0	0	0	0	15,813	15,813	0
0	0	0	0	0	0	1,155	1,155	0
0	0	0	200	80	(120)	45,653	40,626	(5,027)
0	0	0	10,221	10,221	0	20,665	20,665	0
0	0	0	0	0	0	404,566	404,566	0
73,874	73,874	0	0	0	0	1,085,600	1,085,600	0
0	0	0	0	0	0	53,040	53,040	0
<u>350,731</u>	<u>332,930</u>	<u>(17,801)</u>	<u>10,421</u>	<u>10,301</u>	<u>(120)</u>	<u>5,118,919</u>	<u>5,093,735</u>	<u>(25,184)</u>
88,670	52,478	36,192	0	0	0	2,561,533	2,466,037	95,496
0	0	0	0	0	0	519,281	489,103	30,178
0	0	0	0	0	0	114,038	111,569	2,469
0	0	0	0	0	0	5,000	0	5,000
0	0	0	0	0	0	87,174	69,999	17,175
0	0	0	0	0	0	115,092	106,339	8,753
0	0	0	0	0	0	7,800	7,593	207
0	0	0	0	0	0	336,105	322,262	13,843
1,800	1,370	430	0	0	0	171,642	110,371	61,271
0	0	0	0	0	0	19,323	12,054	7,269
459,285	370,725	88,560	0	0	0	808,678	675,408	133,270
0	0	0	0	0	0	241,843	169,503	72,340
0	0	0	13,259	4,310	8,949	14,259	5,082	9,177
0	0	0	6,650	2,500	4,150	29,650	22,593	7,057
0	0	0	0	0	0	205,218	169,128	36,090
117,300	60,399	56,901	0	0	0	119,300	60,946	58,354
<u>667,055</u>	<u>484,972</u>	<u>182,083</u>	<u>19,909</u>	<u>6,810</u>	<u>13,099</u>	<u>5,355,936</u>	<u>4,797,988</u>	<u>557,948</u>
<u>(316,324)</u>	<u>(152,042)</u>	<u>164,282</u>	<u>(9,488)</u>	<u>3,491</u>	<u>12,979</u>	<u>(237,017)</u>	<u>295,747</u>	<u>532,764</u>
0	0	0	0	0	0	553	553	0
0	0	0	0	0	0	1,191	1,221	30
0	0	0	0	0	0	(100)	0	100
0	0	0	0	0	0	(25,000)	0	25,000
0	0	0	0	0	0	(54,078)	0	54,078
0	0	0	0	0	0	(77,434)	1,774	79,208
<u>(316,324)</u>	<u>(152,042)</u>	<u>164,282</u>	<u>(9,488)</u>	<u>3,491</u>	<u>12,979</u>	<u>(314,451)</u>	<u>297,521</u>	<u>611,972</u>
51,023	51,023	0	9,274	9,274	0	1,525,537	1,525,537	0
265,301	265,301	0	214	214	0	378,783	378,783	0
<u>\$0</u>	<u>\$164,282</u>	<u>\$164,282</u>	<u>\$0</u>	<u>\$12,979</u>	<u>\$12,979</u>	<u>\$1,589,869</u>	<u>\$2,201,841</u>	<u>\$611,972</u>

**COMBINED STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>	<u>Fudiciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
<b>Operating Revenues:</b>			
Sales	\$148,546	\$0	\$148,546
Interest	0	1,564	1,564
<b>Total Operating Revenues</b>	<u>148,546</u>	<u>1,564</u>	<u>150,110</u>
<b>Operating Expenses:</b>			
Salaries	69,973	0	69,973
Fringe Benefits	29,730	0	29,730
Purchased Services	3,879	0	3,879
Materials and Supplies	115,147	0	115,147
Depreciation	1,690	0	1,690
Other	0	1,000	1,000
Capital Outlay	675	0	675
<b>Total Operating Expenses</b>	<u>221,094</u>	<u>1,000</u>	<u>222,094</u>
<b>Operating Income (Loss)</b>	<u>(72,548)</u>	<u>564</u>	<u>(71,984)</u>
<b>Non-Operating Revenues and Expenses:</b>			
Federal Donated Commodities	20,937	0	20,937
Interest	352	0	352
Federal and State Subsidies	55,109	0	55,109
<b>Total Non-Operating Revenues and Expenses</b>	<u>76,398</u>	<u>0</u>	<u>76,398</u>
<b>Net Income (Loss)</b>	<u>3,850</u>	<u>564</u>	<u>4,414</u>
Retained Earnings/Fund Balance at Beginning of Year	16,372	29,226	45,598
Retained Earnings/Fund Balance at End of Year	<u>\$20,222</u>	<u>\$29,790</u>	<u>\$50,012</u>

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

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Type	Fiduciary Fund Type	Totals Memorandum Only
	Enterprise	Non-Expendable Trust	
Increase/(Decrease) in Cash & Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$148,601	\$0	\$148,601
Cash Pmts. to Suppliers for Goods & Service	(92,479)	0	(92,479)
Cash Payments for Contract Services	(3,879)	0	(3,879)
Cash Payments for Employee Services	(66,055)	0	(66,055)
Cash Payments for Employee Benefits	(33,410)	0	(33,410)
Other Cash Payments	0	(1,000)	(1,000)
Net Cash Provided by (Used for) Operating Activities	<u>(47,222)</u>	<u>(1,000)</u>	<u>(48,222)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating Grants Received	48,283	0	48,283
Net Cash Provided by (Used for) Noncapital Financing Activities	<u>48,283</u>	<u>0</u>	<u>48,283</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	301	1,564	1,865
Net Cash Provided by (Used for) Investing Activities	<u>301</u>	<u>1,564</u>	<u>1,865</u>
<b>Net Cash Provided by (used for) Capital &amp; Related Financing Activities</b>			
Payments for Capital Acquisitions	(1,973)	0	(1,973)
Net Cash Provided by (Used for) Capital & Related Financing Activities	<u>(1,973)</u>	<u>0</u>	<u>(1,973)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(611)	564	(47)
Cash & Cash Equivalents at Beginning of Year	23,083	0	23,083
<b>Cash &amp; Cash Equivalents at End of Year</b>	<u>\$22,472</u>	<u>\$564</u>	<u>\$23,036</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:</b>			
<b>Operating Loss</b>	(\$72,548)	\$564	(\$71,984)
<b>Adjustments to Reconcile Operating Loss To Net Cash Provided by (Used for) Operating Activities:</b>			
Depreciation	1,690	0	1,690
Donated Commodities Used During the Year	20,937	0	20,937
Adjustment to Capital Outlay	675	0	675
Non-Expendable Trust Fund Interest	0	(1,564)	(1,564)
<b>(Increase) Decrease in Assets:</b>			
Accounts Receivable	55	0	55
Material and Supplies Inventory	1,216	0	1,216
<b>Increase (Decrease) in Liabilities:</b>			
Compensated Absences Payable	989	0	989
Intergovernmental Payable	(463)	0	(463)
Deferred Revenue	(636)	0	(636)
Accounts Payable	1,151	0	1,151
Accrued Wages and Benefits	(288)	0	(288)
Total Adjustments	<u>25,326</u>	<u>(1,564)</u>	<u>23,762</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<u><b>(\$47,222)</b></u>	<u><b>(\$1,000)</b></u>	<u><b>(\$48,222)</b></u>
Total Cash and Cash Equivalents - All Trust and Agency Funds		\$ 44,096	
Cash and Cash Equivalents - Expendable Trust Funds		(13,000)	
Cash and Cash Equivalents - Agency Funds		(30,532)	
Cash and Cash Equivalents - Non-Expendable Trust Funds		<u>\$ 564</u>	

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

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**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 542nd largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 29 non-certificated employees, 57 certificated full-time teaching personnel who provide services to 820 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 School District, this includes general operations, food service, and student related activities of the School District.

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

The School District is associated with two jointly governed organizations and two insurance purchasing pools. These organizations include the Western Ohio Computer Organization, the Ohio Hi-Point Joint Vocational School District, and the Ohio School Boards Association Workers' Compensation Group Rating Plan and 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.

**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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

**A. Basis Of Presentation - Fund Accounting (Continued)**

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.

*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 Types:**

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 are the School District's proprietary fund types:

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

**Fiduciary Fund 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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

**A. Basis Of Presentation - Fund Accounting (Continued)**

**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.

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, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Measurement Focus and Basis of Accounting (Continued)**

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 object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Tax Budget:**

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

By no later than January 20, the Board-adopted budget is filed with the 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 1999.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Budgetary Process (Continued)**

**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, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, 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. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

**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 and reported in the notes to the financial statements for proper funds.

**Lapsing of Appropriations:**

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

**D. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds, 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 1999, investments were limited to certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the fiscal year 1999 amounted to \$83,398, which includes \$7,673 assigned to other school district funds.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Cash and Investments (Continued)**

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.

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*

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Intergovernmental Revenues (Continued)**

*Special Revenue Funds*

- Professional Development Block Grant
- Disadvantaged Pupil Impact Aid
- Excellence in Education
- Education Management Information Systems
- Public School Preschool
- Eisenhower Math and Science
- Drug Free School Grant
- Textbook/Instructional Materials Subsidy
- Title I
- Title VI
- Title VI-B
- Miscellaneous State Grants
- Miscellaneous Federal Grants

*Capital Projects Funds*

- School Net
- Emergency School Building Repair
- Technology Equity

*Reimbursable Grants*

*General Fund*

- Driver Education

*Proprietary Funds*

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 65 percent of the School District's operating revenue during the 1999 fiscal year.

**H. Interfund Assets/Liabilities**

Receivable and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets. The District did not have any long term interfund loans.

**I. Compensated Absences**

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Compensated Absences (Continued)**

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.

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as 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.

**K. 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.

**L. 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 a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance for required set aside and the corresponding fund balance reserves.

**M. 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, property taxes, contributions, 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.



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. 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.

**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. Fund Deficits**

At June 30, 1999, the Title I and the Technology Equity Funds had deficit fund balances of \$1134 and \$815, which were created by the application of generally accepted accounting principles.

**B. Legal Compliance**

Section 5705.41(B), Revised Code, states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter. The following funds had expenditures plus encumbrances in excess of appropriations at the legal (fund/function/object) level of appropriation at year end:

<u>Fund/Function/Object</u>	<u>Appropriation</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess 6/30/99</u>
Capital Project Funds			
School Net Plus Grant			
Regular Instruction			
Materials and Supplies	\$12,371	\$39,252	(\$28,221)
Raising the Bar Grant #2			
Regular Instruction			
Materials and Supplies	13,000	14,831	(1,831)
Capital Outlay	60,000	65,303	(5,303)

There were other instances of expenditures plus encumbrances exceeding appropriations throughout the audit period.

**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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

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.

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Budget Basis	\$504,554	(\$58,482)	(\$152,042)	\$3,491
Revenue Accruals	(18,464)	7,136	(214)	(454)
Expenditure Accruals	(81,026)	(12,262)	42,091	178
Other Sources/Uses	(1,191)	(30)	0	0
Encumbrances	47,540	58,940	22,805	20
GAAP Basis	<u>\$451,413</u>	<u>(\$4,698)</u>	<u>(\$87,360)</u>	<u>\$3,235</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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

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;
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".

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".

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

*Deposits:* At fiscal year end, the carrying amount of the School District's deposits was \$2,415,539 and the bank balance was \$2,485,408. Of the bank balance, \$302,500 covered by federal depository insurance and \$2,182,908 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.

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:

	<b>Pooled Cash and Cash Equivalents</b>	<b>Investments</b>
Combined Balance Sheet	\$2,386,463	\$ 29,226
Cash on Hand	(150)	0
Certificate of Deposit	<u>29,226</u>	<u>( 29,226)</u>
Per GASB Statement 3	<u><u>\$2,415,539</u></u>	<u><u>\$ 0</u></u>

**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.

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, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$52,987 in the General Fund and \$4,620 in the Capital Projects Fund.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

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

	<b>1998 Second- Half Collections</b>		<b>1999 First- Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$32,292,960	83.65%	\$37,065,800	85%
Public Utility	4,045,670	10.48%	4,214,060	10%
Tangible Personal Property	2,265,340	5.87%	2,428,140	5%
<b>Total Assessed Value</b>	<b>\$38,603,970</b>	<b>100.00%</b>	<b>\$43,708,000</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	\$49.50		\$49.50	

**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.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 1999, consisted of property taxes 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:

	<b>Amounts</b>
General Fund	
Taxes	\$1,559,196
Accounts	11,180
Capital Projects Fund	
Taxes	76,671
Accounts	169
Enterprise Fund	
Accounts	6,877
Agency Fund	
Accounts	510
<b>Total Receivables</b>	<b>\$1,654,603</b>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 9 - FIXED ASSETS**

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

Furniture and Equipment	\$23,603
Less: Accumulated Depreciation	<u>(4,905)</u>
Net Fixed Assets	<u><u>\$18,698</u></u>

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

Asset Category	Balance at 6/30/98	Additions	Reductions	Balance at 6/30/99
Land and Improvements	\$124,076	\$0	\$0	\$124,076
Buildings and Improvements	823,991	419,734	0	1,243,725
Furniture and Equipment	683,110	219,186	42,160	860,136
Vehicles	363,618	0	0	363,618
Totals	<u><u>\$1,994,795</u></u>	<u><u>\$638,920</u></u>	<u><u>\$42,160</u></u>	<u><u>\$2,591,555</u></u>

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Riverside Local 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 1999, 7.7 percent was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$59,829, \$66,714, and \$55,068, respectively; 48 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$31,227 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The Riverside Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. 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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(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, 1999, were 9.3 percent of covered payroll for members and 14 percent for employers; For fiscal year 1999, 6 percent was the portion used to fund pension obligation, and 10.5 percent was the portion used to fund pension obligations for fiscal year 1998. 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, 1999, 1998, and 1997 were \$203,010, \$301,056, and \$284,577, respectively; 89 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$23,006 representing the unpaid contribution for fiscal year 1999, 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, 1999, all members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

The State Teachers Retirement System (STRS) and the School Employees Retirement (SERS) provide comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the STRS and SERS Board's have discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. Both systems are funded on a pay-as-you-go basis.

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently at 14 percent of covered payroll.

The Retirement Board allocates employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. However, for the fiscal year ended June 30, 1998, the board allocated employer contributions equal to 3.5 percent of covered payroll to Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2,156 million on June 30, 1998. For the District, this amount equaled \$270,680 during fiscal year 1999. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. 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.

After the allocation for the basic benefits, the employer's 6.3 percent contribution is allocated to providing health care benefits. 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 1999, the minimum pay has been established as \$12,400. 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. For the District, the amount to fund health care benefits, including surcharge, was \$62,971, during fiscal year 1999.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

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

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, the Retirement System's net assets available for payment of health care benefits were \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

**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 225 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 1999 were as follows:

	<b>Principal Outstanding 06/30/98</b>	<b>Additions</b>	<b>Reductions</b>	<b>Principal Outstanding 06/30/99</b>
Pension Obligation	\$30,433	\$0	\$1,556	\$28,877
Compensated Absences	377,160	8,220	0	385,380
Total Long-Term Obligations	<u>\$407,593</u>	<u>\$8,220</u>	<u>\$1,556</u>	<u>\$414,257</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 \$3,933,720 with an unvoted debt margin of \$43,708 at June 30, 1999.

**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, 1999.



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 14 – ENTERPRISE FUND SEGMENT INFORMATION (CONTINUED)**

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$142,449	\$6,097	\$148,546
Operating Expenses less			
Depreciation	214,226	5,178	219,404
Depreciation Expense	1,690	0	1,690
Operating Income (Loss)	(73,467)	919	(72,548)
Donated Commodities	20,937	0	20,937
Grants	55,109	0	55,109
Interest	352	0	352
Net Income (Loss)	2,931	919	3,850
Equipment Additions	1,298	0	1,298
Net Working Capital	(861)	2,385	1,524
Total Assets	\$48,472	\$3,749	\$52,221
Total Liabilities	\$30,635	\$1,364	\$31,999
Total Equity	\$17,837	\$2,385	\$20,222

**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, \$10,000 for medical payments, 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.

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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**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, 4<sup>th</sup> 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.

**NOTE 17 - INSURANCE PURCHASING POOL**

*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.

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

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 School District is responsible for all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, 1999.

**B. Litigation**

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

**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.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$22,802	
Current Year Set-aside Requirement	63,451	63,451	31,726	
Current Year Offsets	(11,281)	(72,204)	0	
Qualifying Disbursements	<u>(64,877)</u>	<u>(33,846)</u>	<u>0</u>	
Total	<u>(\$12,707)</u>	<u>(\$42,599)</u>	<u>\$54,528</u>	
Cash Balance FY 1999	<u>\$0</u>	<u>\$0</u>	<u>\$54,528</u>	
Amount restricted for Budget Stabilization				54,528
Total Restricted Assets				<u>\$54,528</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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**  
**(Continued)**

**NOTE 20 – STATE SCHOOL FOUNDATION DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this School District. During the fiscal year ended June 30, 1999, the School District received \$1,869,272 of school foundation support for its general fund.

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

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

**NOTE 21 – YEAR 2000 ISSUE**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations.

The Riverside Local School District has completed an inventory of computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting District operations. Based on this inventory, the School District determined that no further remediation or system testing was required.

To the best of management's knowledge and belief, as of January 31, 2000, the government experienced no significant interruption of mission-critical operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, unknown.

**NOTE 22-SUBSEQUENT EVENT**

The District issued \$2,882,000 of bond anticipation notes dated December 16, 1999 with a maturity date of June 10, 2000. The proceeds will be used to construct and improve District facilities.

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
(Passed through Ohio Department of Education)						
Food Distribution Program		10.550	\$0	\$20,301	\$0	\$20,937
National School Lunch Program	04-PU	10.555	45,903	0	45,903	0
Total U.S. Department of Agriculture - Nutrition Cluster			45,903	20,301	45,903	20,937
<b>U.S. DEPARTMENT OF EDUCATION</b>						
(Passed through Ohio Department of Education)						
Title I, Part A, IASA	C1-S1	84.010	4,760	0	8,194	0
Title I, Part A, IASA	C1-S1	84.010	48,481		42,315	
Total Title I			53,241	0	50,509	0
Title VI-B, Special Education Grants to States	6B-SF	84.027	0	0	15,739	0
Title VI-B, Special Education Grants to States	6B-SF	84.027	41,208	0	27,068	0
Total Title VI-B			41,208	0	42,807	0
Title V, Innovative Education Program Strategies	C2-S1	84.298	3,007	0	3,007	0
Technology Literacy Challenge Grant - Raising the Bar		84.318	0	0	69,905	0
Technology Literacy Challenge Grant - Raising the Bar		84.318	99,987	0	99,987	0
Technology Literacy Challenge Grant - Raising the Bar		84.318	62,500	0	13,356	0
Total Eisenhower Professional Development State Grants			162,487	0	183,248	0
Goals 2000 Project Grant	G2-S2	84.276	0	0	98	0
Goals 2000 Project Grant	G2-S2	84.276	5,000	0	0	0
Total Goals 2000			5,000	0	98	0
(Passed Through Clark State Community College)						
Technical Preparation Grant	3E-00	84.243	7,429	0	0	0
(Direct Program)						
Telecommunications Act Grant - E Rate		84.XXX	3,193	0	3,193	0
Total U.S. Department of Education			275,565	0	282,862	0
<b>Total Federal Assistance</b>			<b>321,468</b>	<b>20,301</b>	<b>328,765</b>	<b>20,937</b>

See notes to schedule of federal awards expenditures

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE A - BASIS OF ACCOUNTING:**

The accompanying Schedule of Federal Awards Expenditures has been prepared on a basis of cash receipts and disbursements, consequently, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred.

**NOTE B - TELECOMMUNICATION GRANT ACT:**

The federal E-rate is paid directly to the telecommunications service provider. The School District has a matching requirement which was met by paying the portion of the invoice from the service provider not paid by the Federal government. Amounts for the E-rate are budgeted and appropriated.

**NOTE C - FEDERAL AWARDS EXPENDITURES ADMINISTERED BY OTHER GOVERNMENTS:**

Riverside Local School District also benefitted from other federal award expenditure programs which were passed through the State Department of Education to the Logan County Educational Service Center. These programs are administered by the Logan County Educational Service and are audited according to the Single Audit Act (A-133) at that level. The financial activity of these federal award expenditure programs is not reflected in the accompanying Schedule of Federal Awards Expenditures.

<b>Federal Grantor/ Pass-Through Grantor/ Program Titles</b>	<b>Federal CFDA Number</b>	<b>Project Number</b>	<b>Amount of Allotment</b>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
Passed through Ohio Department of Education - to Logan County Educational Service Center			
Eisenhower Professional Development State Grants	84.281	MS-S1	\$ 2,912
Drug-Free Schools and Communities	84.186	DR-S1	4,224

**NOTE D - FOOD DISTRIBUTION:**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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130 West Second Street  
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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 District), as of and for the year ended June 30, 1999, and have issued our report thereon dated January 31, 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated January 31, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated January 31, 2000.

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

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

**JIM PETRO**  
Auditor of State

January 31, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Board of Education:

**Compliance**

We have audited the compliance of the Riverside Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express and opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

**Internal Control Over Compliance**

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

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

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

**JIM PETRO**  
Auditor of State

January 31, 2000

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 1999**

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

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

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

None

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

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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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  
MARCH 9, 2000**