

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
PRIMARY GOVERNMENT FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 1999

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NORTH RIDGEVILLE CITY SCHOOL DISTRICT

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

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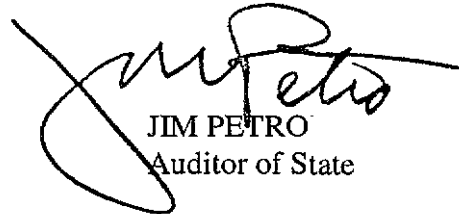
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Board of Education
North Ridgeville City School District

We have reviewed the Independent Auditor's Report of the North Ridgeville City School District, Lorain County, prepared by Costin & Company CPAs., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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


JIM PETRO
Auditor of State

January 8, 2000



COSTIN + COMPANY

Certified Public Accountants

35945 Center Ridge Road

North Ridgeville, OH 44039

INDEPENDENT AUDITOR'S REPORT

Board of Education
North Ridgeville City School District

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

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in "Government Auditing Standards," issued by the Comptroller General of the United States and the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of State and 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 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.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, the primary government financial statements present fairly, in all material respects, the financial position of the primary government of North Ridgeville City School District, as of June 30, 1999, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

However, the primary government financial statements, because they do not include the financial data of the component unit of North Ridgeville City School District, do not purport to, and do not, present the financial position of the North Ridgeville City School District as of June 30, 1999, and the results of operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with "Government Auditing Standards", we have also issued our report dated November 24, 1999 on our consideration of the North Ridgeville City School District's internal control over financial reporting and our test of compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was performed for the purpose of forming an opinion on the primary government financial statements of the North Ridgeville City School District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the 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 Primary government financial statements. Such information has been subjected to auditing procedures applied in the audit of the primary government financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the primary government financial statements taken as a whole.

North Ridgeville, Ohio
November 24, 1999

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits</u>				
Pooled cash and equivalents	\$ 3,670,582	\$ 522,910	\$ 124,100	\$ 604,212
Receivables, net of allowance				
Taxes, current	7,076,627	4,040,329	546,544	527,343
Taxes, delinquent	172,750	90,567	12,196	12,680
Accounts and other	198,402	235	-	-
Intergovernmental receivable	1,250	-	-	-
Interfund receivables	32,303	-	-	-
Inventories and supplies	-	-	-	-
Restricted cash	117,077	-	-	-
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
Amount available for debt service	-	-	-	-
Amount to be provided for debt service	-	-	-	-
Amount to be provided for benefits	-	-	-	-
Total assets and other debits	\$ 11,268,991	\$ 4,654,041	\$ 682,840	\$ 1,144,235

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		Enterprise	Trust and Agency	
\$ 132,880	\$ 70,757	\$ -	\$ -	\$ 5,125,441
-	-	-	-	12,190,843
-	-	-	-	288,193
48,331	-	-	-	246,968
14,010	-	-	-	15,260
-	-	-	-	32,303
21,618	-	-	-	21,618
-	-	-	-	117,077
184,944	-	21,458,706	-	21,643,650
(171,175)	-	-	-	(171,175)
-	-	-	246,772	246,772
-	-	-	4,003,228	4,003,228
-	-	-	2,239,858	2,239,858
<u>\$ 230,608</u>	<u>\$ 70,757</u>	<u>\$ 21,458,706</u>	<u>\$ 6,489,858</u>	<u>\$ 46,000,036</u>

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, fund equity and other credits				
Liabilities				
Accounts and contracts payable	\$ 155,407	\$ 145,823	\$ -	\$ 87,873
Accrued liabilities				
Salaries and benefits	2,200,867	50,402	-	-
Interest	27,914	-	-	6,103
Intergovernmental payable	315,363	11,553	-	10,594
Interfund payables	-	16,171	-	24
Due to students	-	-	-	-
Due to others	-	-	-	-
Deferred revenue	5,740,017	3,219,932	436,068	429,759
Notes payable	1,080,000	-	-	471,430
Bonds payable	-	-	-	-
Compensated absences	22,183	1,096	-	-
Total liabilities	9,541,751	3,444,977	436,068	1,005,783
Fund equity and other credits				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings				
Unreserved	-	-	-	-
Fund balance				
Reserved for property taxes	1,509,360	910,964	122,672	110,264
Reserved for budget stabilization	117,077	-	-	-
Reserved for debt service	-	-	124,100	-
Reserved for encumbrances	40,231	86,282	-	180,235
Unreserved	60,572	211,818	-	(152,047)
Total fund equity and other credits	1,727,240	1,209,064	246,772	138,452
Total liabilities, fund equity and other credits	\$ 11,268,991	\$ 4,654,041	\$ 682,840	\$ 1,144,235

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		Enterprise	Trust and Agency	
\$ 18,380	\$ 5,846	\$ -	\$ -	\$ 413,329
34,006	-	-	-	2,285,275
-	-	-	-	34,017
32,851	143	-	182,795	553,299
16,108	-	-	-	32,303
-	48,934	-	-	48,934
-	620	-	-	620
8,341	-	-	-	9,834,117
-	-	-	-	1,551,430
-	-	-	4,250,000	4,250,000
1,062	-	-	2,057,063	2,081,404
110,748	55,543	-	6,489,858	21,084,728
-	-	21,458,706	-	21,458,706
16,753	-	-	-	16,753
103,107	-	-	-	103,107
-	-	-	-	2,653,260
-	-	-	-	117,077
-	-	-	-	124,100
-	-	-	-	306,748
-	15,214	-	-	135,557
119,860	15,214	21,458,706	-	24,915,308
\$ 230,608	\$ 70,757	\$ 21,458,706	\$ 6,489,858	\$ 46,000,036

NORTH RIDGEVILLE CITY SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 1999

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 6,471,863	\$ 4,201,704	\$ 218,446	\$ 808,383
Tuition and fees	66,548	-	-	-
Interest	298,049	8,619	-	25,514
Intergovernmental	8,297,647	1,428,563	64,037	99,174
Extracurricular	31,479	198,905	-	-
Miscellaneous	278,009	205,750	-	-
Total revenues	15,443,595	6,043,541	282,483	933,071
Expenditures				
Current				
Instruction				
Regular	6,048,995	3,791,614	-	404,939
Special	1,517,614	235,122	-	-
Vocational education	595,836	-	-	-
Other	57,874	-	-	-
Supporting services				
Pupil	956,214	171,198	-	-
Instructional	699,583	101,939	-	-
Board of education	55,367	-	-	-
Administration	1,181,827	70,145	-	11,672
Fiscal	379,852	62,974	8,243	8,080
Business	172,309	-	-	-
Operation and maintenance	1,814,110	5,611	-	292,521
Pupil transportation	1,078,943	-	-	124,920
Central services	11,218	8,136	-	29,803
Operation of non-instructional services				
Food service operations	-	-	-	-
Community services	-	538,142	-	-
Extracurricular				
Academic oriented	62,078	34,958	-	-
Sports oriented	271,607	116,148	-	-
Co-curricular	24,172	-	-	-
Capital outlay	-	-	-	30,401
Debt service				
Principal	-	-	120,000	-
Interest	58,104	-	265,009	35,713
Total expenditures	14,985,703	5,135,987	393,252	938,049
Excess (deficiency) of revenues over expenditures	457,892	907,554	(110,769)	(4,978)
Other financing sources (uses)				
Operating transfers-in	-	16,064	-	-
Gain on sale of assets	711	-	-	4,000
Operating transfers-out	-	(16,064)	-	-
Total other financing sources (uses)	711	-	-	4,000
Excess (deficiency) of revenues over expenditures and other sources (uses)	458,603	907,554	(110,769)	(978)
Fund balances, beginning of year	1,268,637	301,510	357,541	139,430
Fund balances, end of year	\$ 1,727,240	\$ 1,209,064	\$ 246,772	\$ 138,452

The accompanying notes are an integral part of these financial statements.

Fiduciary Fund Type		
Expendable Trust	Totals (Memorandum Only)	
\$ -	\$ 11,700,396	
-	66,548	
222	332,404	
-	9,889,421	
3,340	233,724	
10,714	494,473	
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14,276	22,716,966	
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205	10,245,753	
750	1,753,486	
-	595,836	
-	57,874	
187	1,127,599	
3,393	804,915	
-	55,367	
-	1,263,644	
-	459,149	
-	172,309	
1,550	2,113,792	
-	1,203,863	
-	49,157	
8,153	8,153	
-	538,142	
-	97,036	
-	387,782	
-	24,172	
-	30,401	
-	120,000	
-	358,826	
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14,238	21,467,229	
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38	1,249,737	
<hr/>	<hr/>	
-	16,064	
-	4,711	
-	(16,064)	
<hr/>	<hr/>	
-	4,711	
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38	1,254,448	
15,176	2,082,294	
<hr/>	<hr/>	
\$ 15,214	\$ 3,336,742	

NORTH RIDGEVILLE CITY SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 1999

	General		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 7,140,989	\$ 7,140,989	\$ -
Tuition and fees	72,301	72,301	-
Interest	309,359	309,359	-
Intergovernmental	8,297,647	8,297,647	-
Extracurricular	31,479	31,479	-
Miscellaneous	72,598	73,290	692
Total revenues	15,924,373	15,925,065	692
Expenditures			
Current			
Instruction			
Regular	6,107,104	6,106,437	667
Special	1,512,126	1,512,126	-
Vocational education	594,208	594,208	-
Other	60,225	60,225	-
Supporting services			
Pupil	949,431	949,431	-
Instructional	691,157	691,157	-
Board of education	54,009	54,009	-
Administration	1,199,204	1,199,204	-
Fiscal	382,285	382,285	-
Business	167,340	167,340	-
Operation and maintenance	1,776,756	1,776,756	-
Pupil transportation	1,105,546	1,105,546	-
Central services	12,366	12,366	-
Operation of non-instructional services			
Community services	-	-	-
Extracurricular			
Academic oriented	61,789	61,789	-
Sports oriented	271,990	271,990	-
Co-curricular	24,288	24,288	-
Capital outlay	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	14,969,824	14,969,157	667
Excess (deficiency) of revenues over expenditures	954,549	955,908	1,359
Other financing sources (uses)			
Operating transfers-in	-	-	-
Gain on sale of assets	711	711	-
Advances in	22,007	22,007	-
Refund of prior year's expenditures	7,176	7,176	-
Operating transfers-out	-	-	-
Advances out	-	-	-
Refund of prior year's receipts	-	-	-
Total other financing sources (uses)	29,894	29,894	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	984,443	985,802	1,359
Prior year encumbrances	145,988	145,988	-
Fund balances, beginning of year	2,492,511	2,492,511	-
Fund balances, end of year	\$ 3,502,915	\$ 3,504,274	\$ 1,359

The accompanying notes are an integral part of these financial statements.

Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 3,902,830	\$ 3,902,830	\$ -	\$ 536,262	\$ 536,262	\$ -
-	-	-	-	-	-
8,603	8,619	16	-	-	-
1,428,563	1,428,563	-	64,037	64,037	-
198,905	198,905	-	-	-	-
92,604	92,604	-	-	-	-
5,631,505	5,631,521	16	600,299	600,299	-
3,807,553	3,807,553	-	-	-	-
229,815	229,815	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
191,812	191,812	-	-	-	-
103,669	103,669	-	-	-	-
-	-	-	-	-	-
69,484	69,484	-	-	-	-
62,974	62,974	-	8,243	8,243	-
-	-	-	-	-	-
5,611	5,611	-	-	-	-
-	-	-	-	-	-
8,136	8,136	-	-	-	-
525,623	525,623	-	-	-	-
39,296	39,296	-	-	-	-
125,757	125,757	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,044,285	1,044,285	-
-	-	-	378,109	378,109	-
5,169,730	5,169,730	-	1,430,637	1,430,637	-
461,775	461,791	16	(830,338)	(830,338)	-
16,064	16,064	-	735,395	735,395	-
-	-	-	-	-	-
-	-	-	-	-	-
112,911	112,911	-	-	-	-
(638,121)	(638,121)	-	-	-	-
(12,040)	(12,040)	-	-	-	-
(61,428)	(61,428)	-	-	-	-
(582,614)	(582,614)	-	735,395	735,395	-
(120,839)	(120,823)	16	(94,943)	(94,943)	-
130,220	130,220	-	-	-	-
281,403	281,403	-	219,043	219,043	-
\$ 273,054	\$ 273,070	\$ 16	\$ 124,100	\$ 124,100	\$ -

NORTH RIDGEVILLE CITY SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 1999

	Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 521,456	\$ 521,456	\$ -
Tuition and fees	-	-	-
Interest	25,469	25,514	45
Intergovernmental	99,174	99,174	-
Extracurricular	-	-	-
Miscellaneous	-	-	-
Total revenues	646,099	646,144	45
Expenditures			
Current			
Instruction			
Regular	418,938	418,938	-
Special	-	-	-
Vocational education	-	-	-
Other	-	-	-
Supporting services			
Pupil	-	-	-
Instructional	-	-	-
Board of education	-	-	-
Administration	12,257	12,257	-
Fiscal	8,080	8,080	-
Business	-	-	-
Operation and maintenance	388,915	388,915	-
Pupil transportation	124,920	124,920	-
Central services	37,439	37,439	-
Operation of non-instructional services			
Community services	-	-	-
Extracurricular			
Academic oriented	-	-	-
Sports oriented	-	-	-
Co-curricular	-	-	-
Capital outlay	98,226	98,226	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	1,088,775	1,088,775	-
Excess (deficiency) of revenues over expenditures	(442,676)	(442,631)	45
Other financing sources (uses)			
Operating transfers-in	-	-	-
Gain on sale of assets	4,000	4,000	-
Advances in	-	-	-
Refund of prior year's expenditures	-	-	-
Operating transfers-out	(123,305)	(123,305)	-
Advances out	-	-	-
Refund of prior year's receipts	-	-	-
Total other financing sources (uses)	(119,305)	(119,305)	-
Excess (deficiency) of revenues over expenditures and other sources (uses)	(561,981)	(561,936)	45
Prior year encumbrances	195,269	195,269	-
Fund balances, beginning of year	702,770	702,770	-
Fund balances, end of year	\$ 324,826	\$ 324,871	\$ 45

The accompanying notes are an integral part of these financial statements.

Totals
(Memorandum Only)

Budget	Actual	Variance Favorable (Unfavorable)
\$ 12,101,537	\$ 12,101,537	\$ -
72,301	72,301	-
343,431	343,492	61
9,889,421	9,889,421	-
230,384	230,384	-
165,202	165,894	692
22,802,276	22,803,029	753
10,333,595	10,332,928	667
1,741,941	1,741,941	-
594,208	594,208	-
60,225	60,225	-
1,141,243	1,141,243	-
794,826	794,826	-
54,009	54,009	-
1,280,945	1,280,945	-
461,582	461,582	-
167,340	167,340	-
2,171,282	2,171,282	-
1,230,466	1,230,466	-
57,941	57,941	-
525,623	525,623	-
101,085	101,085	-
397,747	397,747	-
24,288	24,288	-
98,226	98,226	-
1,044,285	1,044,285	-
378,109	378,109	-
22,658,966	22,658,299	667
143,310	144,730	1,420
751,459	751,459	-
4,711	4,711	-
22,007	22,007	-
120,087	120,087	-
(761,426)	(761,426)	-
(12,040)	(12,040)	-
(61,428)	(61,428)	-
63,370	63,370	-
206,680	208,100	1,420
471,477	471,477	-
3,695,727	3,695,727	-
\$ 4,373,884	\$ 4,375,304	\$ 1,420

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS —
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating revenues			
Charges for services	\$ 672,454	-	672,454
Extracurricular	1,257	-	1,257
Miscellaneous	17,139	-	17,139
Total operating revenues	690,850	-	690,850
Operating expenses			
Salaries and wages	374,358	-	374,358
Fringe benefits	3,064	-	3,064
Contractual services	10,845	569,740	580,585
Materials and supplies	395,302	-	395,302
Other expenses	854	-	854
Depreciation	1,922	-	1,922
Total operating expenses	786,345	569,740	1,356,085
Operating (loss)	(95,495)	(569,740)	(665,235)
Nonoperating revenues			
Interest	2,785	19,246	22,031
Intergovernmental	119,073	-	119,073
Gain on sale of assets	738	-	738
Total nonoperating revenues	122,596	19,246	141,842
Net income (loss)	27,101	(550,494)	(523,393)
Add depreciation on fixed assets acquired by capital grants which reduces contributed capital from such grants	1,862	-	1,862
Retained earnings, beginning of year	74,144	550,494	624,638
Retained earnings, end of year	\$ 103,107	\$ -	\$ 103,107

The accompanying notes are an integral part of these financial statements.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	Enterprise	Internal Service	Totals (Memorandum Only)
Cash flows from operating activities:			
Operating (loss)	\$ (95,495)	\$ (569,740)	\$ (665,235)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:			
Donated commodities, used	24,892	-	24,892
Depreciation	1,922	-	1,922
Changes in net assets (increase) decrease and liabilities increase (decrease)			
Receivables, accounts and other	(3,623)	-	(3,623)
Intergovernmental receivable	1,260	-	1,260
Inventories and supplies	(2,385)	-	(2,385)
Accounts and contracts payable	(5,451)	-	(5,451)
Accrued salaries and benefits	15,367	(135,094)	(119,727)
Intergovernmental payable	6,324	-	6,324
Deferred revenue	39	-	39
Compensated absences	(3,260)	-	(3,260)
Total adjustments	35,085	(135,094)	(100,009)
Net cash (used in) operating activities	(60,410)	(704,834)	(765,244)
Cash flows provided by non-capital financing activities:			
Intergovernmental revenue	94,181	-	94,181
Net cash provided by non-capital financing activities	94,181	-	94,181
Cash flows provided by capital financing activities:			
Acquisition of fixed assets	(599)	-	(599)
Gain on sale of assets	738	-	738
Net cash provided by capital financing activities	139	-	139
Cash flows provided by investing activities:			
Interest revenue	2,785	19,246	22,031
Net cash provided by investing activities	2,785	19,246	22,031
Net increase (decrease) in cash and cash equivalents	36,695	(685,588)	(648,893)
Equity in pooled cash and equivalents, beginning of year	96,185	685,588	781,773
Equity in pooled cash and equivalents, end of year	\$ 132,880	\$ -	\$ 132,880

The accompanying notes are an integral part of these financial statements.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The North Ridgeville City School District (the District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city school district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of, October 1, 1998 was 3,322. The District employs 223 certificated and 166 non-certificated employees.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' governing board and 1) the District is able to significantly influence the programs or services performed or provided by the organization; or 2) the District is legally entitled to or can otherwise access the organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes.

Blended component units, although legally separate entities, are, in substance, part of the District's operations and so data from these units are combined with data of the District. The District's blended component unit is described below:

Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees (the Trust) - Although the Trust is legally separate from the District, it should be reported as if it were part of the primary government because its sole purpose is to provide benefits to District employees for hospitalization, medical, dental, vision and prescription drugs as provided for in the collective bargaining agreements. The District's participation is disclosed in Note 13 to the financial statements.

The Trust is subject to an annual audit. Financial information for the Trust's year ended March 31, 1999 is not presented in these financial statements. Thus, these financial statements of the District do not include financial information of the component unit necessary for reporting in conformity with generally accepted accounting principles.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

JUNE 30, 1999

NOTE 1 NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY (continued)

The following entities which perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

Lake Erie Educational Computer Association - The North Ridgeville City School District participates in the Lake Erie Educational Computer Association (LEECA). LEECA provides data services needed by the participating school districts. This is a jointly governed organization. The District's participation is disclosed in Note 18 to the financial statements.

Lake Erie Regional Council - The Lake Erie Regional Council (LERC) promotes cooperative agreements to its members in dealing with problems of mutual concern. This is a jointly governed organization. The District's participation is disclosed in Note 18 to the financial statements.

Lorain County Joint Vocational School District - The Lorain County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide for vocational and special education needs of the students. The Board of the Lorain County Joint Vocational School District is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, and accounting and financing related activities. The North Ridgeville City School District's students may attend the Lorain County Joint Vocational School District.

Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the North Ridgeville City School District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The North Ridgeville City School District has the following fund types and account groups:

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (continued)

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be approximately sixty days. Generally property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred revenue until available. Reimbursements due for federally funded programs are recognized when the corresponding expenditures are made.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the use of current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund - used to account for all financial resources except those required to be accounted for in another fund.

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

Debt Service Fund - used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds.

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

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (continued)

Proprietary Fund Types

Proprietary fund types are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the board of education has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations. Proprietary funds include the following fund types:

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

Internal Service Fund - used to account for the financing of goods or services provided by one department or agency to governmental units, on a cost-reimbursement basis.

Fiduciary Fund Types

Fiduciary fund types account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Fund - accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

Agency Funds - custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

Account Groups

The District maintains two account groups as described below:

General Fixed Assets Account Group - used to account for fixed assets acquired principally for general purposes other than those accounted for in proprietary or trust funds.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (continued)

Account Groups (continued)

General Long-term Debt Account Group - used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

B. DEPOSITS AND INVESTMENTS

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The District pools its cash for investment and administration purposes. Deposit and investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments and other cash equivalents are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Investment income is distributed to the funds based on their contribution to the pool, as permitted by the Ohio Revised Code.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

C. RESTRICTED CASH

Restricted cash in the general fund represents cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State. A fund balance reserve has also been established.

D. RECEIVABLES

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

E. INVENTORIES AND SUPPLIES

The costs of inventory items are recognized as expenditures when purchased in the governmental funds and recognized as expenses when used in the enterprise funds. For all funds, cost is determined on a first-in, first-out basis.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. FIXED ASSETS AND DEPRECIATION

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The District does not possess any infrastructure.

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Proprietary fund type fixed assets consist of machinery and equipment. Depreciation is computed using the straight-line method based on composite lives of the assets.

G. LONG-TERM LIABILITIES

Unmatured general long-term liabilities, which are related to governmental fund type operations, are reflected in the general long-term debt account group.

H. UNPAID COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, such as vacation, sick leave, and severance. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place.

In the governmental and similar trust funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in the General Long-term Debt Account Group. In the proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

I. FUND EQUITY

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. TOTAL COLUMNS

Total columns on the primary government financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. 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 required to be budgeted and appropriated. The primary level of budgetary control is at the object code function level within each fund. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types" do not include July 1, 1998 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund, function level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types" represent the final appropriation amounts including all amendments and modifications.

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

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
 JUNE 30, 1999

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balances for subsequent-year expenditures.

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the modified accrual basis of generally accepted accounting principles (GAAP basis) are that:

1. Revenues are recorded when received (budget basis) rather than when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid or encumbered (budget basis) rather than when the liability is incurred (GAAP basis).

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

Excess (deficiency) of revenues over
 expenditures and other sources (uses) -
 reconciliation of budget basis to GAAP basis

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$ 985,802	\$ (120,823)	\$ (94,943)	\$ (561,936)
Adjustments, increase (decrease)				
Revenue accruals	(510,653)	299,109	(1,053,211)	286,927
Expenditure accruals	<u>(16,546)</u>	<u>729,268</u>	<u>1,037,385</u>	<u>274,031</u>
GAAP basis	<u>\$ 458,603</u>	<u>\$ 907,554</u>	<u>\$ (110,769)</u>	<u>\$ (978)</u>

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

B. FUND EQUITY DEFICITS

Not apparent in the primary government financial statements are deficit fund equity balances of \$ 4,527 in the Title VIB Fund, \$ 39,030 in the Title 1 Fund, and \$ 193 in the EHA Preschool Fund. These fund equity deficit balances at year-end result from reflecting expenditures in accordance with the modified accrual basis, which are substantially larger than the amounts recognized on the budget basis. The District, in accordance with its budget basis, will appropriate such expenditures from resources of the subsequent year.

NOTE 4 DEPOSITS AND INVESTMENTS

The North Ridgeville City School District maintains a cash and investment pool used by various funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Pooled cash and equivalents."

A. LEGAL REQUIREMENTS

State statute classify monies held by the 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 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 District's 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 as savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts. Interim monies may be invested in the following obligations provided they matured or were redeemable within two years from the date of purchase:

- 1.) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 4 DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

- 2.) Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of 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 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;
- 6.) The State Treasurer's investment pool (STAR Ohio); and
- 7.) Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation of debt of the District, and must be purchased with the expectation that it will be held until maturity.

Protection of the 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.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
 JUNE 30, 1999

NOTE 4 DEPOSITS AND INVESTMENTS (continued)

B. DEPOSITS

At year-end, the carrying amount of the North Ridgeville City School District's deposits was \$ 11,095 and the bank balance was \$ 137,687 all of which was covered by federal depository insurance or by collateral held by a qualified third party trustee in the name of the North Ridgeville City School District.

C. INVESTMENTS

Investments are categorized to give an indication of the level of risk assumed by an entity at year-end. The District invests in STAR Ohio which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form. The District's interest in STAR Ohio has a carrying value and fair value of \$ 5,231,423 at June 30, 1999.

NOTE 5 FIXED ASSETS AND ACCUMULATED DEPRECIATION

A. GENERAL FIXED ASSETS ACCOUNT GROUP

The changes in general fixed assets during the year consisted of:

	Balance <u>July 1, 1998</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 1999</u>
Land	\$ 207,401	\$ -	\$ -	\$ 207,401
Buildings and improvements	14,413,469	19,706	-	14,433,175
Equipment and vehicles	<u>6,592,708</u>	<u>313,906</u>	<u>88,484</u>	<u>6,818,130</u>
	<u>\$ 21,213,578</u>	<u>\$ 333,612</u>	<u>\$ 88,484</u>	<u>\$ 21,458,706</u>

B. PROPRIETARY FUND TYPE FIXED ASSETS

Propriety fund type fixed assets and accumulated depreciation at year-end consisted of:

	Balance <u>June 30, 1999</u>
<u>Enterprise</u>	
Machinery and equipment	\$ 184,944
Less: accumulated depreciation	<u>(171,175)</u>
Net fixed assets	<u>\$ 13,769</u>

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
 JUNE 30, 1999

NOTE 6 DEFERRED REVENUE

Deferred revenue at year-end, consisted of:

Property taxes receivable	\$ 9,825,776
Federal commodities, unused	<u>8,341</u>
	<u>\$ 9,834,117</u>

NOTE 7 NOTES PAYABLE

Notes payable outstanding at year-end consisted of the following tax anticipation notes:

	<u>Rate of Interest</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance, June 30, 1999</u>
General Fund	4.45%	12-05-95	12-05-00	\$ 1,080,000
Capital Projects Fund	5.25%	03-27-97	04-01-04	<u>471,430</u>
				<u>\$ 1,551,430</u>

Debt service requirements to retire notes payable outstanding at June 30, 1999, consisted of:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	634,286	72,810	707,096
2001	634,286	43,830	678,116
2002	94,286	14,850	109,136
2003	94,286	9,900	104,186
2004	<u>94,286</u>	<u>4,950</u>	<u>99,236</u>
Total	<u>\$ 1,551,430</u>	<u>\$ 146,340</u>	<u>\$ 1,697,770</u>

NOTE 8 GENERAL LONG-TERM DEBT

	<u>Outstanding July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 1999</u>
Intergovernmental payable	\$ 183,624	\$ 182,795	\$ 183,624	\$ 182,795
Bonds payable	4,370,000	-	120,000	4,250,000
Compensated absences	<u>1,832,037</u>	<u>289,273</u>	<u>64,247</u>	<u>2,057,063</u>
	<u>\$ 6,385,661</u>	<u>\$ 472,068</u>	<u>\$ 367,871</u>	<u>\$ 6,489,858</u>

Intergovernmental payable recorded as general long-term debt consists of pension obligations payable that will not be paid with current available financial resources.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 9 BONDS PAYABLE

<u>General obligation bonds</u>	<u>Outstanding, July 1, 1998</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding, June 30, 1999</u>
School improvement, (1992) 6.30% through 2017	\$ 4,370,000	\$ -	\$ 120,000	\$ 4,250,000

Debt service requirements to retire bonds payable at June 30, 1999, consisted of:

<u>Year ending June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 125,000	\$ 255,785	\$ 380,785
2001	135,000	248,626	383,626
2002	140,000	241,578	381,578
2003	150,000	233,925	383,925
2004	155,000	225,650	380,650
2005-2009	930,000	975,281	1,905,281
2010-2014	1,275,000	632,363	1,907,363
2015-2018	<u>1,340,000</u>	<u>175,140</u>	<u>1,515,140</u>
Total	<u>\$ 4,250,000</u>	<u>\$ 2,988,348</u>	<u>\$ 7,238,348</u>

NOTE 10 OPERATING LEASE

The District is obligated under a lease accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations, and therefore, the results of the lease agreement is not reflected in the District's account groups. During 1999, expenditures for operating leases totaled \$ 89,176. The following is a schedule of future minimum lease payments as of June 30, 1999.

<u>Year ending June 30.</u>	<u>Amount</u>
2000	\$ 87,559
2001	87,559
2002	87,559
2003	87,559
2004	<u>25,051</u>
	<u>\$ 375,287</u>

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
 JUNE 30, 1999

NOTE 11 CONTRIBUTED CAPITAL

The changes in the District's contributed capital accounts for its Food Service Fund were as follows:

Contributed capital, June 30, 1998	\$	18,615
Depreciation		<u>(1,862)</u>
Contributed capital, June 30, 1999	\$	<u>16,753</u>

NOTE 12 PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Taxes collected on real property, other than public utility, in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property, other than public utility, in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business, except for public utilities, is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts 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.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88% of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously. The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the District its portion of the taxes collected.

The tax applied to real property collected in 1999 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$ 49.44 per \$ 1,000 of valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$ 35.66 per \$ 1,000 of assessed valuation for real property classified as residential/agricultural and \$ 37.20 per \$ 1,000 of assessed valuation for all other real property. The tax rate applied to tangible personal property for the current year ended June 30, 1999, was \$ 49.44 per \$ 1,000 of valuation.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
 JUNE 30, 1999

NOTE 12 PROPERTY TAXES (continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at 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 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 \$ 2,653,260 and is recognized as revenue.

The property valuation consisted of:

Real Property - 1998	
Residential/Agricultural	\$ 276,200,070
Commercial/Industrial	44,408,000
Public Utilities	43,090
Mineral	3,540
Tangible Personal Property - 1999	
General	23,960,770
Public Utilities	<u>17,245,160</u>
Total valuation	<u>\$ 361,860,630</u>

NOTE 13 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has a property and casualty policy with the CoRegis Insurance Company. The deductible is \$ 1,000 per incident on property and \$ 250 per incident on inland marine. All vehicles are insured with CoRegis Insurance Company and have a \$ 500 deductible. The umbrella policy is insured with CoRegis Insurance. This umbrella is excess liability insurance over the primary coverage. The limits of this coverage are \$ 4,000,000 per occurrence and \$ 4,000,000 per aggregate. All board members, administrators and employees are covered under a school district liability policy with CoRegis Insurance Company with no deductible and \$ 1,000,000 limit per claim and a \$3,000,000 annual aggregate limit.

The Treasurer is covered by a surety bond in the amount of \$ 100,000 with Ohio Farmers Insurance Company. Remaining employees who handle money, are covered with a public employees blanket bond in the amount of \$ 25,000 with Westfield Companies.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
 JUNE 30, 1999.

NOTE 13 RISK MANAGEMENT (continued)

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (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 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 either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

In order to minimize the annual cost of medical insurance, the North Ridgeville City School District Board of Education and unions that represent its employees have entered into a Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees (the Trust). The Trust provides benefits for hospitalization, medical, dental, vision, and prescription drugs, in accordance with terms and provisions as agreed to by the Plan Trustees, including a per person \$ 1,000,000 lifetime limit, with enrollment periods as provided in the Trust agreement. Contributions by the District to fund benefits are limited by provisions in the union contracts with its employees. Those union contracts require the Plan Trustees to devise cost containment measures in the event that benefit expenditures exceed money contributions that the Board of Education is required to make. Thus in future years, contributions from employees may be required, or other cost containing measures may be implemented.

NOTE 14 INTERFUND TRANSACTIONS

Interfund balances at June 30, 1999, consist of the following individual fund receivables and payables:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General	\$ 32,303	\$ -
Title 1	-	16,000
Drug-free Schools	-	171
Schoolnet Plus	-	24
Uniform School Supplies	-	<u>16,108</u>
Total	<u>\$ 32,303</u>	<u>\$ 32,303</u>

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 15 PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The North Ridgeville City School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent. The contribution rates are not determined actuarially, but are established by the SERS Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions to SERS for the years ended June 30, 1999, 1998, and 1997 were \$ 407,900, \$ 386,000, and \$ 356,100, respectively. The full amount has been contributed for 1998 and 1997. For 1999, 44% has been contributed with the remainder being reported as a fund liability within the respective funds and in the general long-term debt account group.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

The North Ridgeville City School District contributes to the State Teachers Retirement System of Ohio (STRS), a multiple-employer cost-sharing public employee's retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions to STRS for the years ended June 30, 1999, 1998, and 1997 were \$ 1,541,000, \$ 1,485,100, and \$ 1,429,600, respectively. The full amount has been contributed for 1998 and 1997. For 1999, 83% has been contributed with the remainder being reported as a fund liability within the respective funds.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 16 POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

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% of the premium.

After the allocation for basic benefits, the remainder of the employer's contribution is allocated to providing health care benefits. At June 30, 1998 (the latest information available) the allocation rate was 4.98%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 1998, the minimum pay has been established as \$ 12,400. The surcharge rate, added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125% 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 System's net assets available for payment of health care benefits was \$ 160.3 million.

The number of retirees and covered dependents currently receiving health care benefits is approximately 50,000. For 1998, the portion of the District's contributions that were used to fund postemployment benefits was \$ 207,176.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' 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 (RC), the State Teachers Retirement Board (the board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The RC 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 14% of covered payroll.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 16 POSTEMPLOYMENT BENEFITS (continued)

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) (continued)

The board currently allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 1998 (the latest information available), the board allocated employer contributions equal to 3.5% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$ 2,156 million at June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999, will be 8% of covered payroll. For the year ended June 30, 1998, the net health care costs paid by STRS were \$ 219,224,000. There were 91,999 eligible benefit recipients.

NOTE 17 RETIREMENT INCENTIVE PLAN

The North Ridgeville City School District has adopted an early retirement incentive plan which is effective July 1, 1998 and expires June 30, 2000. Certificated employees who meet certain eligibility requirements will receive a lump sum retirement buyout equal to \$ 700 for each year of STRS service. Payment will be made in three equal installments beginning in January of the calendar year following the date of retirement and the following two Januarys thereafter. As of June 30, 1999 the District's liability related to this retirement incentive plan was \$ 58,800.

NOTE 18 JOINTLY GOVERNED ORGANIZATIONS

A. LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 1999 the District paid \$ 173,598 to LEECA.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
 JUNE 30, 1999

NOTE 18 JOINTLY GOVERNED ORGANIZATIONS (continued)

B. LAKE ERIE REGIONAL COUNCIL (LERC)

The Lake Erie Regional Council (LERC) is a jointly governed organization among thirteen districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, driver education, food service and insurance. Each member provided operating resources to LERC on a per pupil or actual usage charge except for insurance. The LERC assembly consists of a superintendent or designated representative from each participating district and the fiscal agent. LERC is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 1999 the District paid \$ 91,723 to LERC.

NOTE 19 STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During fiscal year ended June 30, 1999, the reserve activity (cash basis) was as follows:

	<u>Reserves</u>			
	<u>Textbook</u>	<u>Capital Maintenance</u>	<u>Budget Stabilization</u>	<u>Total</u>
Balance, 7/1/98	\$ -	\$ -	\$ 117,077	\$ 117,077
Required set-aside	339,118	339,118	-	678,236
Offset credits	-	-	-	-
Qualifying expenditures	<u>(339,118)</u>	<u>(339,118)</u>	<u>-</u>	<u>(678,236)</u>
Balance, 6/30/99	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,077</u>	<u>\$ 117,077</u>

Expenditures for materials and textbooks, and capital activity during the year were \$ 365,992 and \$ 368,394 respectively, which exceeded the required set-aside and the reserve balance.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS

JUNE 30, 1999

NOTE 20 SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of school food service, uniform school supplies, and summer school. Segment information related to these follows:

	<u>Food Services</u>	<u>Uniform School Supplies</u>	<u>Summer School</u>	<u>Total</u>
Operating revenues	\$ 545,360	\$ 121,663	\$ 23,827	\$ 690,850
Operating expenses				
Salaries and wages	345,081	-	29,277	374,358
Fringe benefits	737	-	2,327	3,064
Contractual services	10,845	-	-	10,845
Materials and supplies	299,233	95,250	819	395,302
Other	854	-	-	854
Depreciation	1,922	-	-	1,922
Total operating expenses	<u>658,672</u>	<u>95,250</u>	<u>32,423</u>	<u>786,345</u>
Operating income (loss)	(113,312)	26,413	(8,596)	(95,495)
Nonoperating revenues	<u>122,596</u>	<u>-</u>	<u>-</u>	<u>122,596</u>
Net income (loss)	<u>\$ 9,284</u>	<u>\$ 26,413</u>	<u>\$ (8,596)</u>	<u>\$ 27,101</u>
Other information				
Net working capital	<u>\$ 10,585</u>	<u>\$ 75,392</u>	<u>\$ 21,176</u>	<u>\$ 107,153</u>
Fixed asset additions	<u>\$ 599</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 599</u>
Fixed assets disposals	<u>\$ 5,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,453</u>
Total assets	<u>\$ 106,198</u>	<u>\$ 97,910</u>	<u>\$ 26,500</u>	<u>\$ 230,608</u>
Total equity	<u>\$ 23,292</u>	<u>\$ 75,392</u>	<u>\$ 21,176</u>	<u>\$ 119,860</u>

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 21 CONTINGENT LIABILITIES

The District receives financial assistance from various state and federal agencies. There are certain requirements of a compliance nature that have to be met and programs are subject to audit by the grantor agency. Any disallowed claims could be liabilities of the general fund or other applicable funds. In the opinion of management, any claims that might arise would not have a material effect on the District's financial statements.

The North Ridgeville City School District is a defendant in certain litigation, the outcome of which cannot be determined. It is the opinion of the District's management that any judgement against the district would not have a material adverse effect on the Districts's financial position.

NOTE 22 OHIO SCHOOL FUNDING PLAN

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 the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$ 6,994,232 of school foundation support all of which was recorded in 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. As of the date of these financial statements, The Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the 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.

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
NOTES TO THE PRIMARY GOVERNMENT FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 23 YEAR 2000 ISSUE

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment. The District has completed an inventory of computer systems and other equipment necessary to conduct District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and Information Systems (EMIS)). The district has seven school buildings with power systems which have extensive efficiency utilization measures within the systems.

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State has tested and validated these systems.

Lorain County collects property taxes for distribution to the District. Lorain County is responsible for remediating its tax collection system.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and nonfinancial information about the District through EMIS. The State has tested and validated these systems.

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

NORTH RIDGEVILLE CITY SCHOOL DISTRICT

SUPPLEMENTAL AUDITOR'S REPORTS

JUNE 30, 1999

NORTH RIDGEVILLE CITY SCHOOL DISTRICT

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

YEAR ENDED JUNE 30, 1999



COSTIN + COMPANY

Certified Public Accountants
35945 Center Ridge Road
North Ridgeville, OH 44039

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

Board of Education
North Ridgeville City School District

We have audited the financial statements of the North Ridgeville City School District as of and for the year ended June 30, 1999, and have issued our report thereon dated November 24, 1999, which was modified because the financial statements of the Joint Insurance Health Plan Trust for the Benefit of North Ridgeville City School District Employees, a component unit, are omitted. Accordingly, our audit report is on the primary government only. We conducted our audit in accordance with generally accepted auditing standards and 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 North Ridgeville City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under "Government Auditing Standards".

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the North Ridgeville City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted

Board of Education
North Ridgeville City School District

Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed in
Accordance with "Government Auditing Standards" (continued)

no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

November 24, 1999
North Ridgeville, Ohio

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NORTH RIDGEVILLE CITY SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 1999



COSTIN + COMPANY

Certified Public Accountants
35945 Center Ridge Road
North Ridgeville, OH 44039

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

Board of Education
North Ridgeville City School District

Compliance

We have audited the compliance of the North Ridgeville City School District with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 1999. The North Ridgeville City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the North Ridgeville City School District's management. Our responsibility is to express an opinion on the North Ridgeville City School 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the North Ridgeville City School District's compliance with those requirements and performing such other procedures 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 North Ridgeville City School District's compliance with those requirements.

In our opinion, the North Ridgeville City School District complied in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

Board of Education
North Ridgeville City School District

Report on Compliance With Requirements Applicable to Each Major
Program and Internal Control Over Compliance in Accordance With
OMB Circular A-133 (continued)

Internal Control Over Compliance

The management of the North Ridgeville City School 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 North Ridgeville City School 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 of management 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.

November 24, 1999
North Ridgeville, Ohio

Lootin + Company

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
YEAR ENDED JUNE 30, 1999

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A-133 §.505

JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs	84.027 Special Education Grants
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 1999

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 1999

	<u>CFDA Number</u>	<u>Pass Through Number</u>	<u>Revenue Recognized</u>	<u>Federal Expenditures</u>
U.S. Department of Education Passed through the State of Ohio Department of Education				
Title 1	84.010	C1-S1-99	\$ 186,693	\$ 167,810
	84.010	C1-S1-98	<u>53,916</u>	<u>54,059</u>
Total Title 1			<u>240,609</u>	<u>221,869</u>
Title VIB, Special Education				
Grants to States	84.027	6B-SF99	165,640	161,163
	84.027	6B-SF98	<u>12,000</u>	<u>12,894</u>
Total Title VIB, Special Education Grants to States			<u>177,640</u>	<u>174,057</u>
Title VI				
	84.151	C2-S1-99	15,755	4,084
	84.151	C2-S1-98	-	419
	84.151	C2-S1-98 c/o	-	4,093
	84.151	C2-S1-97	<u>(1,898)</u>	<u>2,497</u>
Total Title VI			<u>13,857</u>	<u>11,093</u>
Eisenhower Professional Development Grant				
	84.281	MS-S1-99	13,116	4,454
	84.281	MS-S1-98	-	5,957
	84.281	MS-S1-98 c/o	-	1,312
	84.281	MS-S1-97	<u>(737)</u>	<u>2,150</u>
Total Eisenhower Professional Development Grant			<u>12,379</u>	<u>13,873</u>
Special Education, Preschool Grants				
	84.173	PG-S1-99	18,759	18,759
	84.173	PG-S1-98	<u>-</u>	<u>369</u>
Total Preschool Grants			<u>18,759</u>	<u>19,128</u>
Safe and Drug Free Schools				
	84.186	DR-S1-99	19,391	15,312
	84.186	DR-S1-98	-	3,194
	84.186	DR-S1-97c/o	<u>-</u>	<u>200</u>
Total Safe and Drug Free Schools			<u>19,391</u>	<u>18,706</u>
Continuous Improvement Grant	84.276	WK-BE-98	<u>10,000</u>	<u>-</u>
Goals 2000	84.276	G2-A2-99	<u>1,274</u>	<u>1,274</u>
Subtotal U.S. Department of Education			<u>\$ 493,909</u>	<u>\$ 460,000</u>

continued

NORTH RIDGEVILLE CITY SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 1999

	<u>CFDA Number</u>	<u>Pass Through Number</u>	<u>Revenue Recognized</u>	<u>Federal Expenditures</u>
U.S. Federal Communications Commission Telecommunications (E-rate)	N/A	N/A	\$ 22,164	\$ 5,611
Total U.S. Federal Communications Commission			<u>22,164</u>	<u>5,611</u>
U.S. Department of Agriculture Passed through the State of Ohio Department of Education				
Food Distribution	10.550	N/A	24,931	24,931
National School Lunch Program	10.555	03-PU99	<u>89,762</u>	<u>89,762</u>
Subtotal U.S. Department of Agriculture			<u>114,693</u>	<u>114,693</u>
Total (memorandum only)			<u>\$ 630,766</u>	<u>\$ 580,304</u>

The accompanying schedule of expenditures of federal awards is a summary of the cash activity of the District's federal award programs and does not present transactions that would be included in financial statements of the District presented on the accrual basis of accounting, as contemplated by generally accepted accounting principles.

Nonmonetary assistance is reported in this schedule at the fair market value of the commodities received and disbursed.



STATE OF OHIO
OFFICE OF THE AUDITOR

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NORTH RIDGEVILLE CITY SCHOOL DISTRICT

LORAIN 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.

By: Susan Babbitt

Date: JAN 27 2000